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Senate

(Legislative day of Thursday, November 16, 1995)

The Senate met at 9:15 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Let us pray:

Trust in the Lord with all your heart, and lean not on your own understanding; in all your ways acknowledge Him, and He will direct your paths.

Lord, we accept this admonition as both a prognosis and a prescription for our deepest need this morning. Trust in You is the only healing antidote to tension. We admit that the tension does grow as sessions of the Senate become longer and debate becomes more intense.

And here we are on a Saturday morning with the fresh memories of loss for some and victories for others over the vote on the budget last evening. Some are proud of their success and others feel their pride is wounded. Meanwhile, Government is shut down in the deadlock between the Congress and the President. We carefully tabulate the balance of criticism or confirmation from our constituencies, but the real question is what You think.

Individually and corporately we put our trust in You. We resist the habitual tendency to lean on our own understanding; we acknowledge our need for Your wisdom in our search for solutions we all can support. As an intentional act of will, we commit to You everything we think, say, and do today. Direct our paths as we give precedence to principle over party and loyalty to You over anything else. We need You, Father. Strengthen each one and strengthen our oneness. In the name of our Lord. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

SCHEDULE

Mr. LOTT. Mr. President, this morning there will be a period for morning business with Senators permitted to speak for up to 10 minutes each. I have been asked by the distinguished majority leader to advise that further negotiations on a continuing resolution during today's session will go forward. Therefore, rollcall votes are possible, but we will keep the Members informed if there are any further developments.

I yield the floor.

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business with Senators permitted to speak therein for not to exceed 10 minutes each.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The distinguished Senator from Minnesota.

JESSE BROWN WILL NOT BE SILENCED

Mr. WELLSTONE. Mr. President, yesterday morning there was an article in the Washington Post. It dealt with some of the debate that is now taking place about the budget and veterans. We can agree to disagree, but there was one piece in this article that really captured my attention, as a Senator from Minnesota. This was:

The conferees sent what they called a "strong message" of displeasure to Veterans Affairs Secretary Jesse Brown, in the form of sharp cuts in his office's staff and travel budget.

Mr. President, I would like to talk a little bit about Jesse Brown, Secretary of Veterans Affairs. Jesse Brown is one of our Nation's most able and outspoken veterans advocates. He is a man who is a Marine combat veteran, a Marine combat hero who served our country with honor and distinction. Mr. President, he is a disabled veteran who, long before he became Secretary of what he calls "For Veterans Affairs," was one of the most important voices and strongest voices for veterans, especially disabled veterans in the United States of America.

I would like to make it very clear, as a Senator from Minnesota, that I do not believe these kinds of attacks, petty attacks on his personal office travel budget, will silence Jesse Brown. My colleagues are sadly mistaken, they are profoundly mistaken, if they believe any form of retaliation will silence this Secretary, who is such a powerful advocate for veterans, based upon his own personal life, based upon his service for this country, and based upon his position.

Since taking office in 1993, let me just list a few of the impressive accomplishments of Secretary Jesse Brown, "Secretary for Veterans."

Agent orange—in 1993, a VA-sponsored review conducted by the National Academy of Sciences found that certain cancers and illnesses could be caused by agent orange exposure. The VA promptly responded by presuming service-connection for these diseases—long overdue.

Mr. President, homeless veterans convened the first National Summit on Homelessness Among Veterans. It is a scandal that such a large percentage of our street people and homeless people are veterans. This Secretary, Jesse Brown, will not be silenced.

Persian Gulf veterans fought hard to make sure Persian Gulf veterans were not forgotten, to compensate certain Persian Gulf veterans with

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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undiagnosed illnesses. Mr. President, Secretary Jesse Brown will not be silenced.

Streamline and make the VA more responsive, a plan to decentralize the VA national health care system, which is now being implemented. Mr. President, Secretary Jesse Brown will not be silenced.

Women veterans: He implemented a series of health care initiatives for women, established eight women veterans Comprehensive Health Care Centers. Mr. President, Secretary Jesse Brown will not be silenced.

There are many more accomplishments that I could list, but I want to just end with one personal story, which I think tells a very large story about Secretary Jesse Brown.

Tim Gilmore fought for our country in the Vietnam war. He suffered from agent orange exposure, and he died of cancer. Toward the end of his life, Tim Gilmore was tormented by one fact. He knew he would not have long to live, but he had not received any compensation. By the rules that we operate under, if he did not receive any compensation before he passed away, there was a very real question whether his family would ever receive any compensation. He was tormented by this.

When Secretary Jesse Brown came to my State, this family made a personal appeal to him, the veterans community made a personal appeal to him to somehow, please, cut through the bureaucracy and please have some compassion and please be an advocate for Tim Gilmore and his family.

Mr. President, I made the same appeal. Time went by, Tim Gilmore became weaker, and it was very clear he was going to pass away soon. A very short period of time before Tim Gilmore passed away, Secretary Jesse Brown made sure that he received compensation, made sure that his family would receive that compensation.

That family has never forgotten that. To Tim Gilmore, a Vietnam vet who died from agent orange exposure, that was one of the most important things before he passed away. I will be indebted, as a Senator from Minnesota, to Secretary Jesse Brown forever, for his compassion and his strength and commitment to people.

I will say to my colleagues, you can do whatever you want to his travel budget or personal budget, but you are not going to silence him. He is going to continue to talk about this budget and how it affects veterans.

I will mention one point I have been focused on, as a U.S. Senator, and I will be pleased to debate this with anyone. I think what we are doing here in the health care field puts way too many veterans in very serious jeopardy for the following reason: Our veterans population is also becoming an aging population. We all know that.

If you have reductions in Medicare—and we continue to go through this debate about whether it is lessening the rate of increase or a cut. I do not even

want to get into the semantics. I want to tell you, there is only one way you look at it. Look at the year 2002; ask how many people are going to be 65 years of age or over, how many of them are going to be 85 years of age or over; you ask what kind of services they are going to require, and you ask whether or not you are investing the resources to make sure they get them. We are not.

If you have those reductions in Medicare and reductions in medical assistance, you are going to have more of the elderly people coming to the veterans health care system for health care. Then, if you have the reduction in the VA health care system as well, it becomes a triple whammy.

Secretary Jesse Brown is going to continue to be a strong advocate for veterans. I will say to my colleagues, he is going to continue to challenge your budget and he is going to continue to say, "Why don't you ask the oil companies to sacrifice a little bit, or the coal companies, or the tobacco companies, or the pharmaceutical companies? And how come you give all this money to military contractors, above and beyond what the Pentagon asked for? And how come you have all these rapid depreciation allowances and cuts in capital gains?"

I listened to my colleague from Mississippi speak with considerable intelligence the other day about this. He is a very able Senator. But this Secretary of Veterans Affairs is going to continue to challenge these priorities. He should.

We do not need any hate, I think all of us agree. But we will have the debate. It will be an important debate for this country. I believe Secretary Jesse Brown will be a very powerful voice in that debate. I come to the floor of the Senate to speak in his behalf today.

I yield the floor.

Mr. LOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BALANCED BUDGET ACT OF 1995

Mr. DOLE. First, I want to thank all my colleagues for what has been happening over the past several months as far as putting together the Balanced Budget Act of 1995 is concerned. It was a massive undertaking. People said we could never do it, never make the hard decisions, but we did. We kept our word with the American people. And we have, I think, a product we can be proud of.

It may not be perfect—probably there are some things we can change, cor-

rect, modify—but it is a fundamental change in the direction this country has been headed for the past, at least, two or three decades. I know the President has indicated he is going to veto it. And if he does—as I assume he will—I hope he also will say he is seriously concerned about the problems we raise and try to correct them, that he will sit down with us in serious negotiations and have some budget that we can all hold up and all take credit for that will balance the budget in the 7 years, reform welfare as we know it, preserve and strengthen Medicare, provide tax cuts for families with children, and also tax cuts to stimulate the economy, a capital gains rate reduction, estate tax relief. There are hundreds of provisions in this bill.

I particularly, again, want to thank my colleague, Senator DOMENICI, from New Mexico, and members of the Budget Committee for their outstanding work. And I failed to mention Senator ROTH, the new chairman of the Finance Committee. About 80 percent of this heavy lifting was done by the Finance Committee under the chairmanship of Senator BILL ROTH from Delaware. He did an outstanding job. All the tax cuts, the Medicare and Medicaid provisions, all these very controversial areas were under the jurisdiction of the Finance Committee. Certainly Senator ROTH deserves our commendation too.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, we hope to continue to negotiate today and perhaps have some agreement on a continuing resolution by day's end, maybe not, but we will try. We have just sent the President the Defense appropriations bill. If he signs that, about 182,000 people will go back to work. That is almost one-quarter of the total.

We hope he will look at that carefully, particularly in light of the fact that he may be sending American troops to Bosnia. It would seem to me he would want to sign the Defense appropriations bill. I hope he does not send American troops to Bosnia without first coming to Congress, but in the event he does, either event, I think the appropriations bill is important.

I would like to announce, but I am not quite able to, that there will be no votes today. We will check on both sides of the aisle to see if we can reach an agreement on a continuing resolution and if anyone would require a roll-call vote. If not, then we could say no votes today. So, we will begin that process on both sides of the aisle. As soon as we have word, we will get back and make that announcement. I know some Members probably have other plans for the day.

What that would mean, if we had no votes, if we did reach an agreement, we could simply pass a continuing resolution by a voice vote, vitiate the final action taken on the CR we had a day or two ago, amend it, send it to the House and ask them to concur with the Senate amendment. So we could do that by voice vote.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. INHOFE). Without objection, it is so ordered.

Mr. GORTON. Mr. President, what is the status of business?

The PRESIDING OFFICER. We are in morning business. Each Senator is allowed to talk for 10 minutes.

THE MOST SIGNIFICANT BILL PASSED BY THE CONGRESS

Mr. GORTON. Mr. President, last evening the Senate passed what the majority leader described as the most significant bill passed by the Congress during his long and distinguished tenure in this body. I should like to express my agreement with the majority leader's characterization.

That Balanced Budget Act of 1995, which will undoubtedly be passed by the House of Representatives today because of the minor changes made in the Senate, represents a degree of responsibility, of fiscal responsibility unmatched by that of any Congress, at least since the end of World War II.

That degree of fiscal responsibility, of course, has been required by the habit of huge multi-hundreds of billions of dollars in deficits over the course of the last several years, and, most particularly, it has been required because of the nature of the budget submissions of this President of the United States who, while he was a candidate for the Presidency, claimed that he could and would balance the budget in 5 years, but who, in January of this year, proposed a budget which would never, ever lead the United States to a budget deficit significantly lower than \$200 billion.

The course of action since 1969, the last year in which there was a balanced budget in this country, has created a debt on our shoulders and on the shoulders of our children and grandchildren of almost \$5 trillion. That means, Mr. President, that a child born today inherits a debt, or a bill, of some \$187,000 during his or her life, simply to pay interest on the national debt. That statistic alone starkly illustrates not just the fiscal and financial necessity, but the moral necessity of a sharp change in direction.

This country can no longer go on providing goods and services for which it is unwilling to pay and sending the bill to our children and grandchildren. Such a change is significant. Such a change does demand dramatic changes in many of our financial priorities. But such a change carries with it great rewards.

The Congressional Budget Office tell us that simply by passing this bill, the

Government of the United States will gain a fiscal dividend of \$170 billion in more taxes and lower interest payments, a \$170 billion dividend matched by a dividend of three or four times that size, more than half a trillion dollars to the people of the United States in the form of better jobs, higher wages, lower interest rates on their mortgages and on their car loans.

That is the tangible dividend for our having passed this bill if, and only if, the President of the United States signs it.

At this point, he has said he will not. At this point, he has said he will veto even the continuing resolution passed by this body two evenings ago which would allow all of the Government workers to go back to work, all of the activities of Government to continue until some time in December, merely in an exchange for a promise on the part of the President that he will agree to a budget that is balanced by the year 2002 by the honest figures and statistics of the Congressional Budget Office.

The President, in spite of his promise in 1993 to use just those figures, has refused, prefers to keep the Government out of operation to making that pledge.

Now, Mr. President, nothing in that pledge requires him to accept the precise numbers and priorities of our budget. He can insist on more in the way of taxes than we call for and more in the way of spending than we call for, or a different balance of spending. We may or may not agree, but that can be negotiated. What we will not negotiate, Mr. President, is the proposition that the budget will be balanced by the end of 7 years, with firm statutes in place that will assure that balance, and that the figures we will use to determine whether or not that balance is reached are honest figures, not figures cooked up in the White House.

At this point, we understand the President wants us simply to say we will have the goal of balancing the budget in 2002 and maybe the goal of using Congressional Budget Office figures. Well, Mr. President, that just does not work. We know, regrettably, that this White House has a different goal every day of the week.

In fact, this President has talked about a balanced budget in 5 years, 7 years, 8 years, 9 years, 10 years, and never, and he has used at least two different sources of statistics for each of those promises. So we have to nail down the proposition that the budget will be balanced in 7 years under honest statistics. That is all we ask for. But we can ask for no less because nothing less will result in the people of the United States having this wonderful fiscal dividend for them in the form of better job opportunities and higher wages and lower interest rates, and we will also say that we have been wrong in the past in spending what we would not pay for and sending the bill to someone else, and that we are not going to do it anymore.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. ASHCROFT. Thank you, Mr. President.

A TURNING POINT IN THE HISTORY OF OUR COUNTRY

Mr. ASHCROFT. Mr. President, I commend the Senator from Washington for his clear statement about the kind of challenge that is before us. This is a turning point—a turning point in the history of our country. Will we decide to discontinue using the credit card of the next generation and then after racking up the charges, sending them the bill? That is the fundamental decision. It is a decision we have not had the courage to make for the last 26 years. Over a quarter of a century has passed since we last operated without sending this enormous credit card bill to our children and grandchildren.

This is an issue of freedom. Who will be free to make the decision on how the next generations resources will be spent? Will we be free to decide how their resources are spent? Or will they be free? It is not unlike the kind of decision that was made when this country came into existence. The British thought they could tax us and spend our resources without listening to us. We referred to it as taxation without representation. And spending our resources against our wishes was so offensive to us that we drew a proverbial line in the sand. The midnight ride of Paul Revere launched this Nation into a period of conflict to establish once and for all that one group does not spend the resources of another group against the other group's wishes and will.

I believe that this is a fundamental turning point in America. Who is going to control the destiny of the next generation? Will they, as free people, have the God-given right to shape the tomorrows in which they live by deploying their resources in ways in which they see fit? Or will they be slaves to the past? Will they be devoting their resources to pay for our excesses?

I think the Senator from Washington has stated the case rather clearly. He has pointed out that we have to live within our means, that we have to fashion a spending plan that is within the limits of the money that we will have. Now, that is always a little bit difficult to do in government. You have to project how much money you will have. You do not know exactly how much money you will have because you do not know how much will be paid in taxes and you do not know the level of business activity. So you have to make estimates. You have to have assumptions about the level of economic activity in society. You have to have forecasting.

Any time you have forecasting, you run into the same trouble that you run into if you are going on a picnic with

your family. No family that I know of is so devoid of good sense as to turn the television or radio on to get the weather forecast and there is a 100-percent chance of rain and thunderstorms and then see it maybe on one or two channels and say, "There is a series of bad forecasts out there; we need to have our picnic. Let us go out on the street and find somebody else who might tell us that there is going to be sunshine."

The truth of the matter is that you have to use honest data in a forecast. You cannot go to somebody who does not know anything about the weather or somebody who has another agenda, who wants to sell you the hot dogs and say, "Are we going to have weather good enough for a picnic?" You have to have the right forecast. We have to have the right forecast if we really want to balance the budget.

That is really what this business is about when we talk about using honest numbers. Are we going to use numbers that are put together by nonpartisan individuals who are solely and totally devoted to the development of an honest forecast, or are we going to use figures put together by people who want to sell the hot dogs and send us on the picnic in the hopes that maybe there will be some miracle?

Well, that is where we are. We believe that using the nonpartisan Congressional Budget Office as the basis for the forecast—using their numbers and their forecast—is trusting the best source of prediction. This source of prediction is so well revered and so well honored as the independent and nonpartisan, accurate source, that the President of the United States, President Clinton, in 1993, in his State of the Union message, said we should stop using other groups like the Office of Management and Budget, which is subject to political pressures. This is true even if the forecasters are not overt or do not mean to develop distorted figures. Sometimes the real desire of people in politics to do what they want to do skews their judgment a little bit. They have too much of a stake in the fight to be the referee. The President said in his State of the Union Message in 1993, "Do not use other figures, use Congressional Budget Office figures." I think there is a real reason to use Congressional Budget Office figures, because they are bipartisan and they do not have a dog in this fight. They can go either way.

As a matter of fact, that is what the Congress has been insisting on. At least, that is what those of us on this side of the aisle have insisted on—that we use the bipartisan Congressional Budget Office forecasting.

I point out that using the Congressional Budget Office forecasting does not make balancing the budget easy. It makes it tough. It makes it hard because it is a realistic forecast. If we were to try to solve this problem by going and getting another forecast, by going to find some other economist that would tell us, "Do not worry

about it, you are going to have lots and lots of money, so do not worry about how much you spend," I think we would be sticking our heads in the sand. Then we would suffer the consequences of not knowing when the real peril emerged to threaten the future of this country.

Let me just tell you that I am not totally comfortable with the CBO forecast. I am not a professional forecaster, and I am willing to accept their perspective. CBO has forecast that for the next 7 years we will have 2.4 percent growth every year.

I really cannot remember a 7-year period when we could have counted on that kind of growth before. Almost every time in a 7-year period you have some downturns.

Now, there are those folks who say, surely we will have growth of greater than 2.4 percent. I confess, I am willing to bet that we will. But I am terribly fearful of the fact there may be times when we are below the 2.4-percent growth line.

The idea we would leave CBO out of the equation and leave the leavening influence, the stabilizing influence, the ballast of this nonpartisan organization out of the settlement is an idea which is frightening indeed.

CBO, which has made a pretty aggressive estimate that we will have 2.4 percent growth—and that means overall we will have that kind of growth as if there is no upturn or downturn, that we will not ever slide below it enough to drag the average down, is pretty aggressive.

I think as we work with the President toward a balanced budget, and I am committed we will work long enough to get a balanced budget, to get the commitment—people have been calling me from home saying, "Do not weaken. Do not sell the future of America. Do not jeopardize our children and grandchildren one more time." We are at a turning point. Children born this year already will have, if we do not do something about the debt, \$187,000 to pay in their lifetime in interest on the debt. "Please do not extend that," they are saying. I do not want to.

We will work together with the President to get something done here, but make sure we commit ourselves to 7 years and make sure we commit ourselves to reasonable estimates by nonpartisan professionals. Heavens knows, with a 2.4-percent 7-year presumption in the mix, to assume there will not be some downturn there somewhere would be whistling in the dark. It would be planning the picnic in the face of a tornado, but going to someone who knows nothing about the weather and saying, "Give me a better forecast. I want to go out in spite of the dark clouds that may be on the horizon."

Let me add just one other thing as I talk about these forecasts and about the Congressional Budget Office, the nonpartisan forecasting agency of Government. I know the CBO and OMB and

all these letters are like alphabet soup, and I am sorry we have to use them.

If the President says he wants to balance the budget and he uses one set of figures, and the Congress says they want to balance the budget and we use another set of figures, the President can argue from one set of figures, we argue from the other set of figures, the twain shall never meet. We never really come to grips. We never have an honest debate. We never figure out what we will or will not spend because one debate is on the basis of one projected income and another debate is on the basis of a different amount of money as projected income. It does not provide for rational debate.

When the families of America balance the budgets around the kitchen tables, the husband does not come in and say we have this much money to spend and the wife comes in and says "no," we have this much money to spend. The first thing we do is agree on how much money we have to spend. Not only does that happen around my kitchen table, but it happens around virtually every kitchen table in America. It happens in corporate America, in businesses, in charitable institutions, in churches, and in civic organizations. The first thing you decide is how much money you have to spend, and until you agree upon that, you do not start the debate about how to spend.

In Government, we sadly had this position where one part of the Government comes in and says we will have this much to spend and another part of the Government says we will have this much to spend, and they all talk about their independent things, never coming together.

It is time for us to follow the suggestion of President Clinton in his 1993 address to the Congress where he said we ought to use the Congressional Budget Office figures. He said we ought to use them because they are most likely to be correct and they are more accurate than other figures.

The truth of the matter is we need to use them for another reason, and that is so we are all debating the same amount of money rather than one debating one set of facts and another debating a separate set of facts.

I had the privilege of serving as Governor of the State of Missouri for 8 years. We had this insane system of different sets of facts and different presumptions when I became Governor. We were able to work with the legislature to arrive at a single budgeting forecast so that we had what we called consensus revenue estimation. We would get together, figure out with an independent forecaster how much money we would be talking about, and then the debate meant something.

The President proposed that in 1993. It is, I believe, time for the President to agree to it now in 1995. It is his proposal.

I ask unanimous consent for an additional 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ASHCROFT. The President's proposal was that we use CBO figures. It was a good idea in 1993. It was a good idea because they are accurate. It is a good idea in 1995 because they are accurate, but it also is a good idea because it would give us a common basis for discussion.

More than anything else in politics we need to start with as much in common as we can. We all know that we have ideas and philosophy that tends to divide us, but when we start from a common basis of resource, we will at least have an intelligent means for discussing how that resource is to be divided, used, allocated, and spent for the benefit of the people of this country.

I yield the floor.

Mr. GREGG. Mr. President, I ask unanimous consent to address the House as in morning business.

The PRESIDING OFFICER. We are in morning business. The Senator can proceed for up to 10 minutes.

BALANCED BUDGET

Mr. GREGG. Mr. President, I want to address a couple of topics. First, I want to congratulate the Senator from Missouri for his cogent comments on how we get to a balanced budget, how we score the question of spending, and how we maintain some semblance of credibility to the numbers here in Congress.

I respect his leadership as a former Governor in this area and recognize that he understands, maybe more than many of us, the importance of having honest numbers because, of course, in his State they had to have a balanced budget—something, unfortunately, that we do not have to have at the Federal level. It would be nice if we did. When you have to live by a balanced budget, as he did as Governor of Missouri, the real numbers become very important.

It is not a gamesmanship exercise here in obtaining real numbers and his points are well-taken as we move forward to try to resolve this continuing resolution process issue, that we have to have hard numbers that are real numbers so that there can be true movement toward a balanced budget, not something done by mirrors or smoke.

I want to talk a little bit, also, about what the President has been saying about the balanced budget amendment which we passed yesterday, the balanced budget resolution. The President has once again in his radio address, as I understand it, misrepresented facts and the situation especially in the area of Medicare.

It is now extremely ironic that the administration should continue to attack the Republican membership for our bill to balance the budget, which bill, at the same time, puts the Medicare trust fund into solvency and gives the senior citizens of this country choices which they do not have today,

choices which are similar to those that we have as Members of Congress.

It is ironic that the President and the Vice President and his minions should continue to attack us for putting forward a proposal like this, calling our proposals extremist, cuts, slashing of the Medicare system, when, in fact, the number agreed to and which was passed last night by this Senate and by the House and therefore by the Congress and sent down to the President for the rate of growth of Medicare which we have agreed to, which the Republicans have put forward, actually now exceeds the number that the President of the United States sent up as his rate of growth that he would like to see in the area of Medicare spending in his June budget.

To go over it in specifics, in his June budget the President said he wanted Medicare to grow at 7.1 percent. Why did he say that? Because his trustees of the trust fund had just come back—Secretary Rubin, Secretary Shalala, and Secretary Reich had just come back—and said if we did not slow the rate of growth in Medicare the trust fund would go bankrupt in the year 2002, and the rate of growth of the trust fund was 10 percent. In other words, every year we are spending 10 percent more on Medicare than we spent the year before. The reason we are doing that is because the system is broken.

So, the President understood this in his June submission and said, "We have to slow that rate of growth to 7.1 percent annually, down from 10 percent."

Then we put forward our proposal and we suggested the rate of growth, in our initial proposal, should be 6.4 percent. That is what the debate was about, the difference between 7.1 percent and 6.4 percent, or approximately 0.7 percent.

Now, after negotiating with the House and making some changes to try to address the concerns of some of the seniors in this country and their groups, we have come forward with a budget which allows Medicare to grow at 7.4 percent. That is what the Republican resolution, the Balanced Budget Act which we passed last night, has as a number: 7.4 percent. I think it is very important the press and the people of this country take note of that. Because we are now 0.3 percent higher in our rate of growth in Medicare than what the President had in his budget submission in June. So, if he is going to continue to say we are slashing, cutting, savaging the Medicare system, then he must have the integrity to say that his proposal exceeded our slashes, exceeded our cuts, exceeded our attacks on Medicare, if that is the case.

Of course, in fact, it is not the case. Actually what we have done is, rather than slash, cut, or in any other way negatively impact the Medicare system, we have actually created a new system which is going to strengthen the Medicare system. We are going to spend \$349 billion more on Medicare

over the next 7 years than we are spending if we were to just flat-fund it; a \$349 billion increase in spending. Every senior in this country on Medicare today gets \$4,900 in benefits, they are going to get \$6,700 by the year 2002. They will not only get additional benefits in the way of dollars, but they will get additional benefits in the way of opportunities. They will be able to go out and try some other types of health care delivery systems, many of those systems which we now as Members of Congress have available to us but seniors do not have available to them. In the same process, we are not going to limit their ability to stay in their present Medicare system. We are actually going to let them expand that ability, if they desire to do so.

So, the President once again is being a bit disingenuous in his positions—to be kind. He is misrepresenting, not only his position but our position. What for? To pander to an electorate, to try to scare that electorate, to try to run for reelection rather than substantively address the issues which we have to address, which of course is that we need to balance this budget in order to make sure that our children have a chance for a prosperous lifestyle and our seniors have a Medicare trust fund that is solvent.

So we have put forward this balanced budget which makes a great deal of sense, because if we do not pass this balanced budget, we would be passing on to our children no opportunity for prosperity because we would be passing on to them a country which would be confronted with trillions of dollars of additional debt which our children will have to pay. A child born today will have to pay \$186,000 in taxes just to pay the interest on the Federal debt. That is not right. It is not fair. Our generation is spending our children's future and it is not right.

So we passed this bill last night and it was a good bill. It had changes in basic programs which will be positive and which will make those programs deliver better services. But, as with all good bills that pass this Congress, when they are large bills sometimes something happens. Some little cadre of folks around here realizes those bills have a certain amount of momentum and they are going to pass because they are good bills and on balance everybody who is thoughtful about quality Government is probably going to vote for them and there will be a majority that will pass them.

So they sometimes sneak little provisions into these bills that are not that good. But because you have an up-or-down vote on the whole bill and you cannot get those provisions out, you end up with those provisions in. In this instance, that occurred, unfortunately, and I want to talk briefly about that; sort of the dark side of the reconciliation bill, if you will, because, unfortunately, there were some dark corners in the reconciliation bill.

The most egregious example of that was what happened with the sugar program. Let us first understand what the sugar program is in this country. It is basically a ripoff of the consumers of America to the tune of \$1.4 billion every year. It is the last vestiges of a Marxist economic system in, probably, the world. Well, maybe they still have it in Cuba, a Marxist economic system. But the last real strong vestiges of it is right here in the United States in our sugar program.

What does the sugar program do? It basically, arbitrarily, without any relationship to the market forces of the economy, fixes the price of sugar at a price which is 50 percent higher—30 to 50 percent higher than what sugar should cost Americans. In the open market today you can buy sugar at 10 cents. Under our system of farm subsidy and price control, we pay 22 cents, 23 cents. This is an outrage, but it is a cartel in this country that has a grip on the economics of the issue of sugar and, unfortunately, on this Congress, because it uses vehicles like the reconciliation bill to abuse the process.

So, in this reconciliation bill there was not a 1-year, not 2-year, but a 7-year extension of this outrage, of this program which is the ultimate example of the former East European market approach to economics. It was extended because these folks were able to slip this in. And the irony of it, of course, is that it was put in by people who on most days are the greatest supporters of capitalism, and some of the strongest supporters of conservative thought on this floor. They slipped it in here, for whatever reasons I cannot imagine, because they could not justify it, I am sure, under any intellectual basis. But it got slipped in here for the purposes of raiding the pocketbooks of Americans, for the purposes of benefiting a very small group of people.

The GAO did a study of this and 17 farms—17 cane farmers in this country get 58 percent of the benefit, 58 percent of the benefit. That is a huge amount of dollars on a \$1.4 billion subsidy. That is a huge amount of dollars to one small group of individuals in this country who happen to have the capacity to have put their idea into this reconciliation.

Now, there are many of us on our side—on both sides of the aisle, this is a bipartisan outrage at this—who find this to be an inexcusable event, who think the idea that an attempt to balance the budget should have in it a plan which essentially affronts the sensibilities of everything that Adam Smith ever stood for, and that the market economy ever stood for, that capitalism ever stood for, that our country's basic economic structure stands for—that that program should be in this bill is not only ironic, it is an outrage. However, due to the rules of this Senate, we were not able to remove it from this bill. But we all understand this bill, unfortunately, because it has a huge amount of good in it, unfortu-

nately it will end up vetoed. It will come back to us.

I want to put folks on notice. When it comes back, in whatever form it comes back, this sugar debate is not going to be allowed to be shoved into the back corner. This sugar debate is going to be out there, it is going to be on the front burner. Because the American people can no longer be subject to this outrage of having \$1.4 billion transferred out of their pockets into the pockets of a few cane growers and a few processors, simply because somebody used the parliamentary rules around here to protect a program that is absolutely indefensible under any other circumstances.

So, this issue shall be revisited when this bill is revisited and it shall be revisited with much more intensity than the last go-around. Because of the fact it was necessary, because of the overriding strength of this bill in the area of getting under control entitlement spending generally, on such things as Medicare, Medicaid, and welfare, and the overriding desire to address that, we had to unfortunately—we ended up, unfortunately, being gamed on the issue of sugar.

But in the next go-around, I simply put people on notice that game will be joined with much more intensity because the consumers of this country do not deserve to have to pay \$1.4 billion simply because a bunch of cane growers want to make money.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

THE BUDGET CRISIS

Mr. EXON. Mr. President, we are having a rather unusual Saturday session today for the very obvious and specific reason that, indeed, the Government of the United States and the United States is in a crisis situation today because of the failure of the legislative and executive branches—regardless of their political affiliations and political attitudes—meaning simply that we have to come to some kind of an agreement, some kind of an understanding, some kind of a lowering of the testing of wills with regard to a compromise that can be reached at this time to at least establish the basis or the framework to get on with the more important and more difficult task down the road, and coming to an agreement to balance the budget as quickly as we can. But I think we should keep this all in perspective.

I would simply say, Mr. President, that heated rhetoric, charges, and countercharges of what this Senator will do or what that Senator will do, the pretense of standing up for what is right above everything else, of what I think is right regardless of what my colleagues on this side of the aisle and my colleagues on the other side of the aisle think might be a workable solution, a solution to the crisis that faces

the United States today and toning down our rhetoric, toning down our demands, toning down our individual wills, is the only mixture that is going to provide a measure of success in the future that none of us individually might be totally satisfied with, but one that gets this Government moving and allows democracy to function as it has successfully functioned for many, many years.

THE SUGAR PROGRAM

Mr. EXON. Mr. President, I was absolutely astonished at the remarks made by my colleague from New Hampshire a few moments ago, when, if I heard him correctly, he said that the sugar program of the United States was Marxist in nature. I will with some restraint tone down my rhetoric on that, except to say that the Senator from New Hampshire is wrong.

Coming on the floor of the U.S. Senate at a time when very delicate negotiations are going on and assailing one part of the agricultural bill—in this instance, the sugar program—I think is not helpful. It is not constructive. It is not good Government, especially in that it would further impair the delicate negotiations that are now ongoing.

Let me speak a little bit about the sugar program. If we would follow the recommendations, as I understand it, that were just made on the Senate floor by the Senator from New Hampshire, we would in effect be eliminating the production of sugar in the United States of America for all time to come. The sugar program does not cost the taxpayers anything. It is true that it does prop up prices to a very reasonable level so that we can continue to have such a fundamental ingredient as sugar as a part of the American production system.

If we would follow the recommendations, as I understand them, from the Senator from New Hampshire, we would, in effect, eliminate the sugar program in the United States of America. All of our industries that rely on sugar as a key ingredient of our diet would go down the tube, and the United States of America would be totally reliant on imported sugar for as far as we can see into the future.

I would simply say to my colleague from New Hampshire that maybe we should follow that same program with regard to milk production. I do not know how much sugar production there is in New Hampshire, but there is a great deal of milk production. There is both sugar and milk production in my State of Nebraska. I would simply say that, if we are going to destroy the sugar program, it would only follow that we would destroy the milk program. If we are to logically follow the recommendations by the Senator from New Hampshire, I do not know what the milk producers in New Hampshire

would think of that, but I would suspect that they might not be very much impressed.

Mr. GREGG. Will the Senator yield?

Mr. EXON. I will yield at an appropriate time.

I simply say to the President, and to the Senate, that if we are going to try to work things out here, I think it is not proper, and it is not accurate, to come to the floor of the U.S. Senate and indicate that the sugar program is Marxist in its concept when it clearly is not.

I happen to feel that if we could tone down our rhetoric, if we could recognize and realize that there are differing points of view from people who are basically well-intentioned, then we can come together. I happen to feel that the Republican plan on the farm bill that was originated in the House of Representatives is a total disaster for America. Not only is it a disaster for America in our food production industry, but I think it turns the farm program—good, bad, or indifferent—into a welfare program. And few understand that if we accept the agricultural program announced and endorsed by the House of Representatives, we would be turning the farm program into welfare.

Why do I say that? Mr. President, a key ingredient of the so-called Roberts farm plan is to pay farmers even if they do not plant anything. Can you imagine anything that smacks of ill-advised welfare, if we would start paying farmers for not doing anything or producing anything?

That part of the Roberts farm bill that I refer to as farm welfare pure and simple is so revolting and so illogical that I think it should be rejected out of hand. Yet, that program is alive and well today and was given editorial support this morning in the Washington Post.

The Washington Post has been historically against farm programs. That is well known, and that is very right. They are an Eastern newspaper that does not understand at all the needs of rural America and have had no pretense whatsoever of understanding the problems of rural America. I think their editorial writers down there in the Washington Post think that food is something that you go down to the supermarket and buy off the shelf.

I simply say in returning that I understood the arguments of the Senator from New Hampshire would be that we should junk the sugar program because it is Marxist. That would be another step down that road that we have gone a long distance in traveling with regard to nearly 60 percent of the fuel that we use in the United States today, oil-based fuels, comes from overseas.

We have been down that path before when we recognized that a few foreign oil cartels can literally, if they want to, get together and set the prices for oil. That is bad enough, and we are not taking enough steps, in the view of this Senator, to correct that. But to follow the same road by eliminating sugar

production in the United States of America, which would surely come if we would follow the recommendations of the Senator from New Hampshire, we would simply say, in addition to being solely dependent in the future for the major part, if not all, of oil production, we would be also following down the line which would be even worse with regard to a basic part of our food supply and distribution system.

Mr. President, I simply say that this is a time for all of us to maybe control, rein in our rhetoric at a time when the leadership of both the Democrat and Republican Parties is at this very moment trying to institute some kind of a compromise and agreement, if you will, that will eliminate the crisis that we have today and have some kind of a framework understanding of what we are going to do in the future, to come to some agreement with regard to the future budget of the United States and how we are reasonably going to balance it.

With that, I yield the floor, and I certainly yield to my colleague from New Hampshire for any questions he would like to ask the Senator. If I did misinterpret his remarks, I would appreciate his explanation.

Mr. GREGG. Mr. President, I ask unanimous consent for an additional 5 minutes so we might have a colloquy between myself and the Senator from Nebraska.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. No, the Senator did not misinterpret my remarks. Karl Marx was an economist first. He became affiliated with communism, of course, but his basic theory of economics was that you should essentially, through controlling the marketplace from the top down, move dollars from one segment to another as the state determined appropriate. That was the basic theme of Marxism, that the state should use the power of the state to move dollars from one group to another and manage the marketplace both through transfer of wealth through income-related activities and also transfer wealth through pricing activities. That was the basic theme of Marxism.

If you look at the sugar program, the open market price for sugar today is 10 cents a pound. That is what it was quoted at on CNBC just yesterday. The price support is set at 18 cents a pound, but the target price that is used, which is outrageous to begin with, the target price which is used by the Agriculture Department is somewhere around 21, 22, 23 cents a pound. I am not sure. It is right in that range. The basic reason, of course, being under the structure they do not want anybody to end up having to pay back their loan. So they make it possible for the price to be so much higher than even the support price that no loans ever end up going into default.

Maybe there is some other term you use for this that is appropriate, but

when there is no market force of any nature involved in pricing the product, that is certainly not capitalism. It is certainly not an Adam Smith approach to managing a commodity. It is a management by the state of the price of the commodity to benefit the producers of the commodity, and in this case it happens to be that 42 percent of the benefit runs to sugar growers who represent 1 percent of all the sugar farmers, happening to be the cane growers in this instance, not the sugar beet growers, who would happen to be from Nebraska.

I happen to think we could restructure this program where your sugar beet growers have a much better opportunity to get some of that 42 percent of the benefit and not have the consumers pick up the \$1.4 billion subsidy which is incurred as a result of setting the price arbitrarily at the number which has no relationship and which is almost 100 percent higher than at what the free market sets the price.

So did I use the term Marxist economics to characterize it? Yes, because it is a state-run, state-dominated, state-controlled price-setting mechanism, which is the classic definition of Marxist economics. If it were a free market or if it were a quasi-free market, you might use some other term. If it were a quasi-free market, I suppose you could characterize it as a farm subsidy program. But it is even beyond that. So that is why I used that term. I think it is an accurate characterization. I do not deem it pejorative in the sense it is inaccurate. It may be pejorative because that form of economics has been so rejected by the world now. But it is a fact that exists.

Now, as to the dairy program, I would be willing to make a deal right here with the Senator that we put all products on the basis of market economics, we have no subsidies underlying any commodities. I will vote for it. If you want to take the dairy program out of any subsidy program, I will vote for that, if it is part of a package to take everything out. In fact, I would probably vote for it if it were not a part of a package to take everything out. Dairy is an issue in which I am not a great defender of the price supports either.

I think the issue here that I raised with sugar is a legitimate issue and the characterization is accurate. So I yield to the Senator from Nebraska for his comment.

Mr. EXON. Mr. President, for clarification purposes, if I might ask my colleague from New Hampshire whether he would so characterize the dairy programs that we have in the United States as Marxist, as he has clearly indicated he feels the sugar programs also are?

Mr. GREGG. I do not think the dairy program is an egregious example of price controls, because the dairy prices are much closer to a market-driven event than the sugar prices. So I would say we are somewhere in between. It is

clearly not a capitalist system. It is clearly not a market system that we have in dairy, which it should be, and I strongly support moving to a market system. But it is nowhere near the egregious price-support levels that we have in the sugar system.

So, no, I do not think I would say it is a purely state-dominated system, but it has clearly got too much state domination in it. I wish we would correct it.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, I appreciate the last discussion. Clearly the issue of sugar subsidy and maintaining the price that is substantially above the market price has been detrimental to consumers in this country. It is true it has no direct effect or impact on the Federal budget. That is simply because we have shifted the entire impact to the consumers of this country.

But that is not why I am here to speak. I think that subject has been adequately debated between the Senator from New Hampshire and the Senator from Nebraska.

THE BUDGET IMPASSE

Mr. COATS. Mr. President, I am here to talk about the current budget impasse in which we find ourselves. There clearly are a number of compelling reasons to support a balanced budget: lower interest rates, higher economic growth. These have all been discussed in detail on this floor over the last several days. But I do not believe that economic facts fully explain the urgency of the issue and why the lines have been drawn so sharply between these two competing philosophies.

There is a moral aspect to this debate, a moral imperative that I think is important we understand because those of us who are holding firm for a commitment to a balanced budget in a fixed amount of time with honest numbers are doing so because we are convinced that not only are the deficits imposed year after year after year on the American public unwise but they are unprincipled.

They are not just a drag on the economy, not just an impact on interest rates, but a burden on our national conscience. It was Thomas Jefferson who said nearly 200 years ago—in arguing the question of whether one generation has the right to impose on another generation a debt burden which is the obligation of those that are currently enacting that burden, currently supporting that spending—Jefferson said, “The question of whether one generation has the right to bend another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts, and be morally bound to pay them ourselves.”

So what we have been debating are not just the numbers to compromise between the White House and this Congress, what we have been debating is a fundamental principle of Government, and I think a fundamental principle of society. I doubt that there is anyone on this floor or a Member of the Senate that has not at some time in their life sat down with their children and explained the principle of deficit spending, and whether it deals with a \$1 or \$2 allowance or whether it deals with setting aside money necessary to pay expenses while they are away at college, the principle is the same, and, I think, what we all try to pass on to the next generation, that is, that we cannot keep spending more than we make.

If you spend more money than you earn, you are going to have only one of two recourses: You are going to quickly run yourself unto insolvency, or you are going to roll up a debt that will become such a burden in terms of payment of interest to maintain that debt that other items of expenditures, necessary expenditures, are going to be squeezed.

Many young people have learned the hard way through receipt, as soon as they are independent from their family, of a Visa, Master Card, or other credit card, how easy and how attempting it is to run to the mall and roll up and use that card to purchase items for the moment. And then the bills start rolling in, and they notice that they are paying a 17, 18 percent interest rate on the mounting debt.

What has happened on a national basis is that debt has been mounting at a staggering rate. It took more than 200 years to reach the first \$1 trillion of debt. Now, in just the space of 15 years, we have quintupled that \$1 trillion debt to the point where this Nation now stands at \$4.9 trillion of national debt. It is a staggering burden. It is a burden that is imposed, I would suggest, on the next generation. And therefore, that moral tradition that we have held at the highest level in this country of sacrificing for the benefit of future generations so that our children might enjoy at least an equal but hopefully a better standard of living, better quality of life than we have been privileged to enjoy, which was transferred to us by the previous generation, this generation has become the first generation to violate that trust.

Every child born in America today inherits \$19,000 in public debt, and it is going up at a staggering rate. That is a destructive legacy of a government without courage. True, it has caused a budgetary crisis, but it has done more than that. It has betrayed a moral responsibility.

Now, this moral imperative clashes with a political imperative. The political imperative says deficit spending makes sense because it allows elected officials and allows Government to please people in the present by placing burdens on the future. Interestingly enough, the future has no vote in the

next election. And so the temptation has always been to fund for the moment, to spend for the moment, because it impacts positively on those who will go to the polls at the next election to perpetuate our existence in this elected body. That is the prime reason why I strongly believe in term limits, because term limits are the only device that I know of, as imperfect as they are, that changes the dynamic of the way we make decisions.

It is human nature to obviously want to keep your job. It is human nature to want to be reelected, to be favored by the people. And the political imperative, particularly over the last 30 or 40 years, has been to accomplish that purpose essentially by spending money but not having the courage to go forth and ask taxpayers to pay for that expenditure, but simply to float the debt and pass that payment on to a future generation, which, by the way, does not go to the polls at the next election.

So we see these two imperatives, the political imperative and the moral imperative, clashing against and struggling against each other. I believe the moment has come that that titanic struggle is at issue and needs to be decided, where the choice is clear before us. On one side, unfortunately, we are dealing with a President supported by many, not all, members of his party who seem to be pursuing the political imperative; and on the other, I believe we are seeing a commitment to the moral imperative.

The problem that we face is that we have defined a commitment to the principle of not imposing additional burdens on future generations through an act called the Balanced Budget Act of 1995, accomplished in a defined time period and accomplished with numbers on which we can both agree. After all, it was the President—it was the President—who called on us to agree on how these numbers would be determined and derived so that we would not be arguing over differing assumptions and differing sets of numbers.

Frankly, it was the President who essentially put in play the fixed period of time with which to reach the goal of a balanced budget. He campaigned on that basis. He said, “There’s a way for me to meet the stated objectives, which is a balanced budget in 7 years, with a family tax cut * * *” That is exactly what Republicans have offered the President: a balanced budget in 7 years with a family tax cut. It is what the President called for. We responded to that. But now the President said, “No, those are not my priorities.”

This Republican budget has the courage to confront the political imperative because we believe that we have a moral duty to the next generation.

Now, my concern, Mr. President, is that as the Senator from Nebraska has said, we have allowed rhetoric to get ahead of the facts of the situation. I am concerned that the American public is focusing on our rhetoric and not the facts.

Coming in this morning to the Senate, I listened to the President's week-end address, and the President was obviously putting the best light on his position on the acts of the Congress.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. COATS. Mr. President, I ask unanimous consent for 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COATS. I thank the Chair and my colleague from Texas.

I was deeply concerned that the rhetoric of the President far exceeded the reality of the facts that we are dealing with. The President characterized, on about as many occasions as possible in a 5-minute speech, the Republican effort as an extreme effort.

Now, somewhere in the process here the President's pollsters, focus groups, so forth, have discovered that the American public has an emotional, visceral reaction to the word "extremism." So it seems everything Republicans are attempting to do all year, whether it is a defense bill or whether it is welfare reform or whether it is balancing the budget, is labeled as extremist. He used to say it was right-wing religious extremists. Then, they found out people of faith resented that and that did not go down too well, so now we are down just to the word "extremist."

The President and Vice President just incessantly use the word "extremist." You heard that from the minority leader's speech last evening. I think there must be a reward for those who can use the word more times within each minute of statement because it seems like it is almost every other word.

Now, I ask the American people and I ask my colleagues to examine the rhetoric, and in the light of the reality of the budget, because what Republicans are saying is that with this moral imperative and this staggering debt, we believe it is important to enact the principle of a balanced budget not this year, not next year, not 1999, not by the turn of the century, the new millennium, but by the year 2002.

Over a 7-year period of time, we believe we should make an orderly transition from where we now are to a position where we will not spend more than we take in. And if we do it over a 7-year period of time, it will allow spending to increase at a rate of 22 percent. It will increase over that period of time in expenditures such as Medicare at a rate of 65 percent; that the Medicare increases will go up at a rate of 7.4 percent annually.

One would think, listening to the President and listening to some of our colleagues who oppose that—because they use terms such as "cutting off at the knees," "throwing children out on the street," "denying aid to widows," "turning our backs on the disabled," "gutting the American social com-

pact"—you would think that what Republicans are offering are drastic, drastic cuts in the amount of social welfare and the amount of expenditures on a whole number of programs.

Medicaid increases will go up 43 percent; welfare spending will increase by \$100 billion over this time period.

Republicans find themselves in an unusual position, because a lot of people back home say, "Wait a minute, we thought you were going to do more than that. We thought you were going to cut back." Well, we are slowing the rate of growth, but in no sense can those be characterized as cuts from current expenditures. The spending will continue, but it will continue at a slower rate and over a 7-year period of time. As our economy grows and as expenditures decrease from the standpoint of a lower rate than before, those two lines will cross, and, as certified by the agency that the President asked us to use to certify those numbers, we will reach a balanced budget in 2002.

As I said, we do this not just because it makes good economic sense, but we do this because we believe we have a moral imperative to do so. This is a historic piece of legislation. It allows us in the Congress to leave some legacy to the future, other than monumental debt—a legacy of moral courage and a legacy of responsibility.

We have waited a long time to get to this point. It has been an unusual convergence of events that have led us to this moment. I do not know that we will have another opportunity to do this, and so a vote to keep our word and keep our faith with the next generation is a vote that I hope the President will exercise, as we exercised last evening.

The President, with one stroke of the pen, can address what I believe is the economic imperative but, more importantly, can address the moral imperative. The President can address the issue of whether or not we will keep faith with the next generation. He will address the question of whether or not this generation, this selfish generation, this me-first generation, will finally say, "We have run the course. It has been a disaster for the future of America."

The economic consequences are untold, and it is time that we drew a line and had the courage to do what I think every one of us instinctively knows is right.

Mr. President, I thank you and yield the floor.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I appreciate the remarks of my colleague from Indiana. I think he laid out in a lofty and beautiful speech exactly why we are here.

I have read the quote from Thomas Jefferson as well. And, in fact, Thomas Jefferson had said he had really two problems with our Constitution, and it was nagging in the back of his mind.

One of those nagging concerns of Thomas Jefferson was that we did not have a mechanism that would keep Congress from going into debt, because he felt that public debt was not the right of any Congress to make.

The second thing that Thomas Jefferson was concerned about was that we did not have a system to assure rotation in office. Of course, term limitations are still a very powerful issue for us in this Congress over 200 years after the Constitution was ratified, and I think his nagging concerns were two very important ones that I wish he had been able to address.

But then when we look at what the founders of our country did in the Constitution, they are certainly to be commended for the foresight they had in so many areas.

THE BUDGET IMPASSE

Mrs. HUTCHISON. Mr. President, I would like to talk about this budget impasse, because there is no question that we are at a crossroads in our country. The impasse is over our President and this Congress and our differing views about what course this country should be on. The Congress promised the people a balanced budget, and we are producing on that balanced budget.

We have sent to the President a balanced budget for the first year of a 7-year plan. The President promised in his campaign a balanced budget in 5 years, actually. But when the time came to sign the dotted line to make the hard choices, the President has chosen instead to demur, to talk about politics instead of coming down to the bottom line and working with Congress on a budget that is balanced. He is holding our Government hostage.

Mr. President, why do we have this impasse? There are two things: The balanced budget which we have sent to the President and the resolution that would continue the operation of Government, which is why people are not working in our Government at full staff levels.

We passed a resolution that would continue Government from September 30, when the fiscal year ended, until this week. Now we are in the second resolution. The second resolution has the lower budget figures that are necessary if we are going to balance the budget.

So when we talk about this continuing resolution, it is crucial that we have the lower numbers because we are in the fiscal year. We are in the 1996 fiscal year. We must have the lower spending numbers if we are going to make our 7-year goal, and that is the crucial issue here. The President does not want the lower spending limits because, in fact, the President does not want the balanced budget in 7 years.

Now, he paid lip service to a balanced budget in 7 years. He said publicly that he would agree to a balanced budget in 7 years, but he just will not do what is necessary to get us there, and he has

yet to send us a budget that is balanced at all, not in 10 years, not in 9 years, not in 8 years and not in 7 years.

So because we have this impasse, the people of this country are certainly concerned. There are people who say, "Settle it. Pox on both your houses, settle it."

I just ask people who say, "settle it," do they want us to settle it at the cost of our future security, our future prosperity?

Do they want us to settle it at last year's spending rates so that we cannot possibly meet our goal of a 7-year balanced budget? Do they want us to settle it regardless of the promise that we made in 1994?

Mr. President, I ran on a platform, in 1994, of a balanced budget. I promised the people who voted for me, and I promised everyone whether they voted for me or not, that I would come up here to try to balance the budget, to try for a 7-year balanced budget. The President also, in his campaign, in 1992, promised the people that he would work for a balanced budget. The President made the promise, I made the promise. The difference is, I am keeping my promise.

I think that is the issue here. The people have been promised for 25 years a balanced budget in this country. But the politicians have always walked away from it. And the reason is, they did not have the guts to look at entitlements, and everybody knows entitlements are more than 50 percent of our budget, that they are the toughest of all things to work with. This Congress did something different. This Congress kept the promise by tackling entitlements, by saying that welfare is going on a budget, just like your family budget, just like your small business budget. Welfare is going on a budget.

So we have produced reform of a very important former entitlement. It is an entitlement today, but hopefully if we can do what is right for the long term of this country, it will not be an entitlement. It will be a budget item. And we will have limitations on welfare for able-bodied recipients for the first time in this country since we created the welfare system.

So it is very important that the people understand that we did reform welfare, that we did take on Medicaid entitlements, that we are going to give it to the States so that they can do it without Federal strings, in a more efficient way, that we are going to save the Medicare system from bankruptcy, so that it will be there for our future generations.

Mr. President, we are keeping a promise, and it is not an easy one. It would be more comfortable to just cave. Sure, I would like for everyone to go back to work in Government. I would like to take the easy way out. It would be much more comfortable. But, Mr. President, my constituents did not put their faith in me to take the comfortable, easy way out. My constituents elected me because they believed that I would keep my promise.

I am not going to mortgage the long-term security of this country for a short-term comfort rate. I am not going to do it because the people elected us to represent them, and they sent a powerful message in 1994. They want a balanced budget and they want people who are tough enough to do it.

So I did not get elected to come here and cave to the President, who made the same promise that I did, but is walking away from that promise. I am not going to walk away. I am going to stand here for a balanced budget in 7 years. We are doing it in a responsible way. In fact, a lot of people think we should do it in 5 years. But we are saying, no, we believe 7 years would keep the economy strong at the same time that we are doing what is right for the long term. So we are making the right decision for the short term and the right decision for the long term.

Mr. President, this is a crossroads for our country. As the great "philosopher" Yogi Berra once said, "When you come to a fork in the road, take it." Well, once again, we have a choice of which road to take. We have the choice. Mr. President, the Congress is going to stay on the road that will take this country back to prosperity and stability. We are going to bring back what made this country strong in the first place. Families, the spirit of entrepreneurship, the small businesses, a strong national defense built this country. We won the cold war because we were strong, not because we were weak. And we are going to do what is right, Mr. President, in the short term and the long term. We are not going to walk away from our promises, and I wish the President would do the same.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, apparently, the present occupant of the chair wanted to make some remarks; is that correct?

(Mrs. HUTCHISON assumed the chair.)

Mr. INHOFE. Yes, that is correct.

Mr. EXON. Madam President, we have been trying to go back and forth. As I understand it, my colleague from Oklahoma wishes to make some remarks. I would agree to that. I hope that the Chair will see fit to recognize the Senator from Nebraska after the Senator from Oklahoma has completed his remarks.

The PRESIDING OFFICER. The Chair will recognize the Senator from Nebraska, Senator EXON, following the remarks of the Senator from Oklahoma.

The Senator from Oklahoma is recognized.

SENDING TROOPS TO BOSNIA

Mr. INHOFE. Madam President, let me thank both Senators from Nebraska who have been kind enough to allow me to have a little time. I appreciate it very much. I will try to return the favor some time.

Madam President, I have a feeling that this is a historic moment right now, that we may not have any more votes, and we may be leaving all of this up here and going back, hopefully, for the Thanksgiving holidays, in which case I have a couple of comments I want to make. They are not really exactly on the focus of today, but I will also go back and wind up with some thoughts I have on this subject.

There have been some rumors—and I always hate to talk about rumors on the floor of the U.S. Senate—that have come from so many different unrelated sources, and I am concerned that during the period of time that we will be in the Thanksgiving recess, there may be some agreement reached and our troops may be deployed to Bosnia.

This concerns me very much, and this is not a very appropriate time to bring it up. But I do think that we need to get on the record and remind the President that this Senate passed, just 2 days ago, a strong sense-of-the-Senate amendment to the DOD appropriations bill which says that we, Mr. President, want you to come to the Senate and to the House of Representatives for authority to send troops into Bosnia.

It was a very similar situation that the President of the United States at that time, George Bush, faced back in the early nineties when he wanted to send troops to the Persian Gulf. He did not want to come to Congress. He felt it was necessary and that we had vital national interests in the Persian Gulf and we had to go. Yet, he did not want to do that and take a chance of being turned down. So we have a similar situation today.

I can remember talking to one of the generals training over at the 1st Armored Division in Germany. Those are the troops that were going to go to the Persian Gulf. Now he is training the troops that would go to Bosnia. He related to me an experience of sitting and listening to the radio, hoping, and praying that George Bush would take this to Congress to get authority. They did not want to be sending their troops into a hostile area without the American people behind them.

I see exactly the parallel situation here. I certainly hope that the President will come to Congress and not use an opportunity when we might be on recess to deploy troops to Bosnia. Not too long ago, before the Senate Armed Services Committee, we had Secretary Christopher, Secretary Perry, and General Shalikashvili. I asked them the question, after they defined the mission the United States has in Bosnia. The mission was twofold: First, to contain a civil war to the former Yugoslavia, and second, to protect our position in NATO and the integrity of NATO. I felt—and I think several other people who have spoken on this floor feel the same way—that those two missions are not worth the loss of one life.

Shortly before, General Rose—Michael Rose, who is the commanding

general of the U.N. forces in Bosnia—had made a statement that if America gets involved and sends troops over to Bosnia, we will lose more lives than we lost in the Persian Gulf war, which was 390. I asked the question to all three of these top officials representing the President of the United States. I said, "Is that mission worth the loss of 400 or more American lives?" Secretary Perry said, "Yes." Secretary Christopher said, "Yes." General Shalikashvili said, "Yes."

I think there is the honest difference of opinion, and we need to see how that opinion is shared by the American people and by both Houses of Congress.

I certainly admonish the President if, during this period of time, if the temptation comes to deploy troops, to think of the troops going over there without the American people behind them.

A HISTORIC TIME

Mr. INHOFE. Mr. President, this is truly a historic time. Some of us have been working on this idea of balancing the budget for many, many years. When I look over and see the two very distinguished Senators from Nebraska, I want to remind them of another great Senator from Nebraska in years past. His name is Carl Curtis.

Carl Curtis, back in 1972, came to me as a member of the Oklahoma State Senate and he said we want to get a balanced budget amendment to the Constitution passed. He said, of course if that happens we have to have the States ratify it.

He had an idea. This came from the genius from the State of Nebraska, I say to the two Senators from Nebraska. He said we should preratify a balanced budget amendment. Go to the States and get two-thirds of the States or three-fourths of the States to preratify a balanced budget amendment to the Constitution.

I introduced a resolution in the Oklahoma State Senate. It passed. We became the first State to preratify a balanced budget amendment.

I remember the argument at that time. At that time the total national debt was \$400 billion and there were radio and TV ads and they were stacking hundred-dollar bills up—at that time I believe the Empire State Building was the tallest building—and they were stacking \$100 bills up and they said that is the size of the national debt.

Of course we know today that was just a drop in the bucket. That is how significant this thing is. That is how long many of us have been working on it. This is truly the opportunity that we have to do it.

The Senator from Indiana just a few minutes ago made a statement that rang a bell. He said this is a moral issue. I think we should look at what we are faced with and what the President is faced with, his temptation to veto this Balanced Budget Act of 1995, to look at it as a moral issue.

I had occasion to be at the national prayer breakfast where we had several foreign visitors coming in, and one from Moldavia, a former Soviet State, came in very proud. He was smiling. He said: "Senator INHOFE, how much in America do you get to keep?"

I said, "I am sorry. I do not understand what you are saying."

He said, "Well, how much in America do you have to give the Government so you can keep something?"

Then I knew what he was talking about. He was talking about how much do we pay in taxes. I gave an answer I would be embarrassed to share on the floor because I am not sure how accurate it is, because he said in all pride they have a system over there in Moldavia where they work for about 3 months and they have to pay the Government—he said, "We pay the government 80 percent of what we make," and then with the pride showing through in this new-found democracy and free economy he thought they had, he said, "We get to keep 20 percent."

We look at that in this country, how could they be so proud of being able to keep just 20 percent? But the fact remains that someone born today, such as my three grandchildren, if we do not do something to change this course, then that person is going to have to pay 82 percent of their lifetime income just to support Government.

Mr. President, I will conclude by sharing an exciting experience I had a year ago yesterday, November 17, 1994. I was sworn in as a Member of the U.S. Senate. That happened to be my 60th birthday. I thought a year ago, how in the world could I ever top this? What do you do for an encore? You are sworn in as a Member of the U.S. Senate on your 60th birthday.

I say, what are we going to do for the 61st birthday? Yet, something much more exciting happened on my 61st birthday yesterday. We passed the Balanced Budget Act of 1995. This is the act that is going to take our kids out of bondage.

As difficult as it is, and I heard it demagogued around this Chamber that we will be slashing programs. We know we will not slash programs. We know we will be increasing Medicare, for example, at a greater rate of growth than the President himself had suggested before.

I think clearly right now the ball is in the court of the President. We have passed it in the House. We have passed it in the Senate. It is now up to the American people, because we know one thing about our President, he does listen very carefully and watch the polls. If it becomes very evident to him that this is the last opportunity we have to commit ourselves in America to a balanced budget, as I believe this is our last chance, then, I think he may not be doing as he said, and will sign the Balanced Budget Act of 1995.

I thank the Senators from Nebraska for allowing me to move ahead.

I yield the floor.

Mr. EXON. Mr. President, I thank my colleague from Oklahoma for his history lesson on Nebraska politics. My colleague from Nebraska and I know a great deal about the history of politics in the State of Nebraska.

I simply say to him one of the great experiences of my lifetime has been service in the U.S. Senate with Henry Bellmon, two times elected Governor of his State. Some of the lessons that I have learned were at the knee of Henry Bellmon when I came here as a freshman after two terms, 8 years as Governor of the State of Nebraska, so I also know something about the political history of that State.

THE BALANCED BUDGET

Mr. EXON. Mr. President, I have been listening with great care to the speeches that have been made here. I noticed on two occasions my Republican colleagues have brought the name of Thomas Jefferson into the discussions.

It was somewhat amusing to me. I do not know what position Thomas Jefferson would take if he were on the floor of the U.S. Senate today, but as the founder of the Democratic Party I suspect that he might not appreciate too much the Republicans invoking his name in the support of the proposals that they are making.

Facetiously, it kind of reminded me, Mr. President, of my own dad. As a very young lad, brought up in a very traditional Democratic household with Franklin Roosevelt the new President of the United States, whom my mother and father and grandfather thought was an outstanding individual, and I was thoroughly brought up in the Democratic traditions.

After going to school one day, I came home and I told my dad we had studied a President by the name of Abraham Lincoln, and I asked my dad what he thought of Abraham Lincoln. I did not tell dad that I discovered that Abraham Lincoln was a Republican.

My dad said, "Jim, Abraham Lincoln was one of the greatest Presidents that this Nation ever had or probably ever will have. He was a truly outstanding American."

I said, "Yes, dad, but he was a Republican."

Dad paused for a moment, and he said, "Well, yes, Jim, but if Abraham Lincoln were alive today he would be a Democrat."

Now, maybe that is the reverse of what my Republican colleagues are arguing today. But at least I loved my dad and my dad said that to me in jest.

So when we start instituting the names of great leaders, Presidents, political leaders of the past, sometimes we take license that probably we are not entitled to.

Mr. President, there has been a lot of talk about balancing the budget here. I hear the Republican cry today and I think they are talking about saving the children and saving the grandchildren.

Mr. President, although there may be some that can top me, I have three children and I have eight grandchildren, and I am just as much concerned about their futures as any other Member in this body. But to indicate, by inference at least, that if I do not go along with their draconian budget proposals, that I think are unwise and unfair, I am not concerned about my children and grandchildren, is just a little bit too much for me to swallow.

I was Governor of Nebraska for 8 years. As Governor, I balanced the budget each and every year, as did my colleague, Senator KERREY, from Nebraska, who is on the floor, who followed me by a few years. He balanced the budget each and every year. So I simply say, probably, from the standpoint of history, I was balancing budgets in government before some people had ever been elected to public office.

I follow that up by saying I think the record of this Senator has been very clear. All the time I have served the public of Nebraska and all the time I have had the opportunity to serve the people of Nebraska and the people of the Nation as a whole as a U.S. Senator, I have put forth many, many efforts, of which the latest was to vote for the Republican-sponsored constitutional amendment to balance the budget in 7 years. While I agree with that principle, that does not mean, nor should anyone necessarily construe anything, just because I voted for a constitutional amendment to balance the budget that was primarily supported and advanced by the Republicans with the help of nearly enough Democrats to pass it. I think my credentials of being a dedicated conservative with regard to fiscal policy are well established.

I, too, listened with great interest to the remarks made by the President of the United States today. I did not, strangely enough, come away from listening to those remarks with the same conclusions as my friend and colleague from Indiana. I thought the President of the United States today laid it on the line. I may concede that possibly he may have gone a little too far in his rhetoric, but compared with some of the rhetoric I have heard from the other side of the aisle on the Senate floor in the last few days, I would excuse the President for any oversteps that he had made in that regard.

I think it is clear to say, though, that the President of the United States said today that during his term of office he has essentially cut the annual deficit in half. That is more than has been done for a long, long time. So, at least in our criticisms of the present President of the United States, for whatever reason, we should realize and recognize that, under his leadership, we have cut the deficit and not continued to raise it.

I would simply point out, I want to share and be one of the workhorses in cooperation, in full cooperation, when I can, with my colleagues on the Republican side of the aisle to do something

about the skyrocketing national debt of the United States of America. I am fearful all too few of our citizens fully understand the difference between the annual deficit and the national debt, the latter being, of course, with additions each and every year, the shortfall we have been going through here, unfortunately, for a long, long time with regard to spending more than we take in.

In that regard, though, a little history might be in order. The last Democratic President of the United States that we had before the present occupant of that high office was former Governor Carter of the State of Georgia. I would cite—and I think the record will back me up—when President Carter left office the national debt of the United States was under \$1 trillion.

What happened in the intervening years when we had Republican Presidents of the United States? From 1980, when President Carter left office and the debt was under \$1 trillion, some 12 years later, when President Clinton took office, the national debt had skyrocketed fivefold, from under \$1 trillion to \$4.5 trillion.

Some would argue during most of that time there was Democratic control of both Houses of the Congress, and that is true. But the facts of the matter are, had those Republican Presidents in the years 1980 to 1992 stood up and exercised their veto, as this President has stood up strongly and said he will exercise his veto, the national debt would not have taken the jump and be as troublesome as it is today.

The problem we are in today is not all the responsibility of the Democrats or all the responsibility of the Republicans. Certainly, the Democrats, I think, are, by our traditions, by the record that we have established, as much concerned about the children of America in the future as anyone else. I happen to think you will see a growing portion of both Democrats and Republicans in the U.S. Senate—and hopefully in the House of Representatives—anxious to come to some workable understanding, some framework where we can, indeed, balance the Federal budget in 7 years.

I am continuing to work toward that end. Meanwhile, back at the ranch, I hope once again we can contain our rhetoric just a little bit and give the leadership of the House and Senate an opportunity to come to some resolution of the crisis which faces us today.

I yield the floor.

ANWR PROVISION OF THE RECONCILIATION BILL

Mr. MURKOWSKI. Mr. President, with the passage of the conference report on the reconciliation bill last night I thought there should be an explanation of the provision on the leasing of the coastal plain of the Arctic National Wildlife Refuge for oil and gas exploration and production. The Sen-

ate and the House versions of the budget reconciliation had responsible provisions for the leasing of the area. However, there was a substantial difference in the approach and language in the two measures. As chairman of the Energy and Natural Resources Committee I thought it would be important to outline the intent of the conferees on the ANWR provision. I ask unanimous consent that a section-by-section analysis which provides a detailed description of the ANWR provision, and other material, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS

Section 5312. Short Title.

This section adopts the chapter from section 5201 of the Senate bill. The purpose of this section is self-explanatory.

Section 5322. Definitions.

This section adopts the language of section 5203 of the Senate bill with minor modifications. The intent of this section is self-explanatory.

Section 5333. Leasing Program for Lands Within the Coastal Plain.

Subsection 5333(a). Authorization.

Subsection 5333(a) adopts the language in section 5204(a) of the Senate bill with minor modifications. This subsection directs the Secretary and other appropriate Federal officers and agencies to take such actions as are necessary to establish and implement a competitive oil and gas leasing program that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain. In doing so, the Secretary is to ensure receipt of the fair market value of the mineral resources to be leased. The subsection requires the Secretary to ensure that activities will result in "no significant adverse effect on fish and wildlife, their habitat, and the environment." Operations on the Coastal Plain must also be conducted using the "best commercially available technology for oil and gas exploration, development and production."

This "environmental standard" is based on the provisions of Title VII of S. 1220, authored by Senator Johnston and reported by the Senate Energy and Natural Resources Committees on June 5, 1991. This is the strongest standard ever imposed on Federal oil and gas activities. The companion provision of the House bill was based on the 1981 oil and gas leasing authorization for the National Petroleum Reserve-Alaska. Oil and gas leases have been issued under this authorization and standard. It has worked well to protect the environment, land and fish and wildlife on the North Slope.

In making its decision to authorize and direct an oil and gas leasing program in the Coastal Plain, the Conferees find that oil and gas activities authorized and conducted on the Coastal Plain pursuant to the chapter so as to result in no significant adverse effect on fish and wildlife, their habitat, and the environment, are compatible with the major purposes for which the Arctic National Wildlife Refuge was established. No further findings, decisions or reviews are required to implement this Congressional authorization. The Conferees specifically find that no further determination of compatibility by the Secretary under the National Wildlife Refuge System Administration Act is necessary to implement this Congressional authorization and direction. The Conferees believe the

provisions of the conference report in general are very clear on this point. Subsection (c) of this section again reiterates this policy and Congressional intent on this matter.

Subsection 5333(b). Repeal

Subsection 5333(b) adopts the language in section 5204(b) of the Senate bill and is substantially similar to section 9002(f) of the House bill. This subsection repeals the prohibitions and limitations on leasing and development of oil and gas resources on lands within the Coastal Plain set forth in section 1003 of the Alaska National Interest Lands Conservation Act of 1980, 16 U.S.C. § 3143.

Subsection 5333(c). Compatibility

Subsection 5333(c) adopts the language in section 9002(c) of the House bill. This subsection provides that the oil and gas activities authorized by this chapter in the Coastal Plain are compatible with the purposes for which the Arctic National Wildlife Refuge was established, and that no further findings or decisions are required to implement this determination. This subsection recognizes the wealth of study and review that has already occurred pursuant to environmental, natural resources, and other statutes. Based on these reports and on the concrete experience of environmental safety of on-shore development in neighboring Prudhoe Bay and other large, producing oil and gas fields on the North Slope of Alaska, the Conferees find that development of the 1002 area is consistent with the conservation purposes for which the Arctic National Wildlife Refuge was established. This subsection reflects the intent of the Conferees that the activities authorized in this chapter commence as soon as possible, without any intervening delay that might be occasioned by further findings or decisions. This provision is, of course, repetitive of the purposes of this chapter as expressed in other sections.

Subsection 5333(d). Sole authority

Subsection 5333(d) adopts the language of subsection 5204(c) of the Senate bill with modifications. This subsection provides that this chapter and the authorities referenced therein shall be the sole authority for oil and gas leasing on the Coastal Plain. This chapter directs a specific program of environmentally responsible leasing for the Coastal Plain. The Conferees intend that this program be carried forward and implemented in good faith by the Secretary and the Administration. The purposes and directives of this chapter are not to be frustrated or delayed by other provisions of existing law or the provisions of any treaty or international agreement to which the United States is a party. The subsection also explicitly provides that this chapter does not preempt State and local regulatory authority. The State of Alaska and the North Slope Borough (NSB) have a long record of competent and environmentally responsible regulation of oil and gas activities on the North Slope. It is the Conferees' clear intent that the State and the NSB shall continue to exercise their existing regulatory responsibilities to ensure good land use planning, environmental protection, proper fish and wildlife management, and continuation of important subsistence activities.

Subsection 5333(e). Federal land

Subsection 5333(e) adopts the language of subsection 5204(d) of the Senate bill. This subsection provides that the Coastal Plain shall be considered "Federal land" for purposes of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), 30 U.S.C. § 1753, that Act applies only to the extent it is not inconsistent with this chapter. In particular, the penalty provisions of sections 109-112 of the Act, 30 U.S.C. §§ 1719-1722, are

incorporated by reference by this subsection and apply to the activities authorized by this chapter.

Subsection 5333(f). Special areas

Subsection 5333(f) adopts the language of subsection 5207(d) of the Senate bill with modifications. This subsection permits the Secretary to close up to 45,000 acres of the Coastal Plain to leasing if, after consulting with the State of Alaska and the North Slope Borough, he determines that the areas to be closed require special management and regulatory protection due to unique character or interest. The Conference Committee contemplates that the Secretary may use this provision to provide any special protection needed for areas such as the Sadlerochit Hot Springs. The House bill authorized 30,000 acres and the Senate 60,000 acres. This provision is a compromise on the acreage. This subsection permits the Secretary to issue oil and gas leases in such Special Areas provided that the protection needed can be attained by limiting surface use and occupancy, but permitting the use of the very significant advances made in recent years in horizontal drilling technology.

Subsection 5333(g). Limitation on closed areas

Subsection 5333(g) adopts language from subsection 9002(g)(3)(B) of the House bill with minor modifications. This subsection provides that the Secretary's sole authority to close lands within the Coastal Plain to oil and gas leasing and to exploration, development, and production is that set forth in this chapter. The language provides, and the Conferees intend, that only the provisions of the chapter may be used by the Secretary to close Coastal Plain lands to the activities authorized by this chapter. No other provision of law or international agreement may be used by the Secretary for this purpose.

Subsection 5333(h). Conveyance

Subsection 5333(h) adopts language from subsection 9002(j) of the House bill with minor modifications. The subsection directs the Secretary to convey certain surface interests in land to Kaktovik Inupiat Corporation in order to fulfill the corporation's outstanding legal entitlement under section 12 of the Alaska Native Claims Settlement Act (ANCSA). The Secretary must also convey the subsurface interests in these lands to Arctic Slope Regional Corporation in order to fulfill the August 9, 1983 agreement between Arctic Slope Regional Corporation and the United States of America. These lands have been previously identified and the United States has a legal obligation to complete the transfer of chapter in accordance with the provisions of ANCSA and the 1983 Agreement. The conveyance of these lands will remove clouds on title of lands and clarify land ownership patterns within the Coastal Plain, maximizing federal revenues by ensuring the availability of federal lands for leasing.

Section 5334. Rules and regulations

Subsection 5334(a). Promulgation.

Subsection 5334(a) adopts the language of section 5205(a) of the Senate bill. This subsection provides that the Secretary shall prescribe such rules and regulations as may be necessary to carry out the purposes and provisions of this chapter, including rules and regulations relating to protection of the environment and resources of the Coastal Plain. Such rules and regulations shall be promulgated within fourteen (14) months after the date of enactment of this chapter.

In the formulation and promulgation of rules and regulations under this chapter, the Conferees expect that the Secretary will request and give due consideration to the views of appropriate officials of the State of Alaska, the North Slope Borough, and the

Village of Kaktovik, and, where consistent with this chapter and the laws and policy of the United States, the views of others who have legitimate interests in the activities authorized and the manner in which they are carried out.

The Conferees also expect that the Secretary shall prepare and promulgate regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other measures in a manner designed to ensure that the activities undertaken in the Coastal Plain and authorized by the chapter are conducted in a manner consistent with the purposes and the environmental requirements of this chapter. In preparing and promulgating regulations, lease terms, conditions, restrictions, prohibitions, and stipulations under this chapter, the Conferees recommend and expect that the Secretary will consider:

(1) the environmental protection standards which governed the initial Coastal Plain seismic exploration program (50 C.F.R. § 37.31-33);

(2) the land use stipulations for exploratory drilling on the KIC-ASRC private lands which are set forth in Appendix 2 of the August 9, 1983 Land Exchange Agreement between Arctic Slope Regional Corporation and the United States; and

(3) the operational stipulations for Koniag ANWR Interest lands contained in the draft Agreement between Koniag, Inc. and the United States of America on file with the Secretary of the Interior on December 1, 1987.

The Conferees further expect that the proposed regulations, lease terms, conditions, restrictions, prohibitions, and stipulations for the leasing program authorized by this chapter will require compliance with applicable provisions of Federal, State and local environmental law and may also require compliance with:

(1) the safety and environmental mitigation measures set forth in items 1 through 29 at pages 167 through 169 of the "Final Legislative Environmental Impact Statement" (April 1987) on the Coastal Plain;

(2) seasonal limitations on exploration, development and related activities, where reasonably necessary, to avoid significant adverse effects during periods of concentrated fish and wildlife breeding, denning, nesting, spawning and migration;

(3) limitations on exploration activities, except for surface geological studies, to the period between approximately November 1 and May 1, and requirements that exploration activities will be supported by ice roads, winter trails with adequate snow cover, ice pads, ice airstrips, and air transport methods, but that such exploration activities may be permitted at other times if special circumstances exist necessitating that exploration activities be conducted at other times of the year and such exploration will have no significant adverse effect on fish and wildlife, their habitat, and the environment of the Coastal Plain;

(4) appropriate design safety and construction standards for pipelines and any access and service roads to avoid—

(A) adverse effects upon the passage of migratory species, including caribou; and

(B) adverse effects upon the flow of surface water by requiring the use of culverts, bridges and other structural devices;

(5) any reasonable prohibitions on public access and use on pipeline access and service roads;

(6) appropriate reclamation and rehabilitation requirements, consistent with the standards set forth in this chapter, requiring the removal from the Coastal Plain of all oil and gas development and production facilities, structures and equipment upon completion of oil and gas production operations, but that the Secretary may exempt from these

requirements those facilities, structures or equipment which the Secretary determines would assist in the management of the Arctic National Wildlife Refuge and which are donated to the United States for that purpose;

(7) appropriate and reasonable restrictions on access by modes of transportation;

(8) appropriate and reasonable restrictions on necessary sand and gravel extraction;

(9) consolidation of facility siting;

(10) appropriate and reasonable restrictions on use of explosives;

(11) the avoidance, to the extent practicable, of springs, streams and river systems; protection of natural surface drainage patterns, wetlands, and riparian habitats; and reasonable regulation of methods or techniques for developing or transporting adequate supplies of water for exploratory drilling;

(12) appropriate and reasonable restrictions on air traffic-related activities which might disturb fish and wildlife;

(13) accepted industry standards for the treatment and disposal of hazardous and toxic wastes, solid wastes, reserve pit fluids, drilling muds and cuttings, if any, and domestic wastewater, in accordance with applicable Federal and State environmental law;

(14) applicable fuel storage and oil spill contingency planning;

(15) reasonable research, monitoring and reporting requirements;

(16) appropriate field crew environmental briefings;

(17) avoidance of any reasonably anticipated significant adverse effects upon subsistence hunting, fishing, and trapping by subsistence users;

(18) applicable air and water quality standards;

(19) appropriate seasonal and safety zone designations around oil and gas well sites within which subsistence hunting and trapping would be limited;

(20) reasonable stipulations for protection of cultural and archeological resources; and

(21) other protective environmental stipulations, restrictions, terms, and conditions which are reasonably deemed necessary by the Secretary and based upon prior regulatory requirements.

The Conference Committee further expects that the regulations will also provide for appropriate plans to govern, guide, and direct the siting and construction of facilities for the exploration, development, production, and transportation of Coastal Plain oil and gas resources. Any such plans shall have the following objectives:

(1) avoiding unnecessary duplication of facilities and activities;

(2) encouraging consolidation of common facilities and activities;

(3) locating or confining facilities and activities to areas which will minimize impact on fish and wildlife, their habitat, and the environment;

(4) utilizing existing facilities wherever practicable; and

(5) enhancing compatibility between wildlife values and development activities.

Subsection 5334(b). Revision of regulations

Subsection 5334(b) adopts the language of subsection 5205(b) of the Senate bill. This subsection provides that the Secretary shall periodically review and, where and if appropriate, revise the rules and regulations to reflect new and significant data and information.

Section 5335. Adequacy of the Department of the Interior's legislative environmental impact statement

Section 5335 adopts language from section 5206 of the Senate bill with modifications. This section provides that the "Final Legis-

lative Environmental Impact Statement" (April 1987) on the Coastal Plain, prepared by the Department of the Interior pursuant to section 1002 of the ANILCA and section 102(2)(C) of the National Environmental Policy Act of 1969 (NEPA), is found by the Congress to be adequate to satisfy the legal and procedural requirements under NEPA with respect to actions authorized to be taken by the Secretary to develop and promulgate the regulations for the establishment of the leasing program, to conduct the first lease sale authorized by the chapter, and, in addition, to grant all rights-of-way and easements to carry out the purposes of this chapter.

Except as provided in this section, nothing in this chapter shall be considered or construed as otherwise limiting or affecting in any way the applicability of section 102(2)(C) of the National Environmental Policy Act of 1969 to other phases of exploration, development and production and related activities conducted under or associated with the leasing program authorized by this chapter.

Section 5336. Lease sales

Subsection 5336(a). Lease sales

Subsection 5336(a) adopts language from section 5207(a) of the Senate bill. This subsection provides that lands in the Coastal Plain may be leased pursuant to the provisions of this chapter to any person who is qualified to obtain a lease for deposits of oil and gas under the Mineral Leasing Act, as amended.

Subsection 5336(b). Procedures

Subsection 5336(b) adopts language from section 5207(b) of the Senate bill with modifications. This subsection provides that the Secretary shall, by regulation, establish procedures for nominating and designating areas to be included or excluded from the lease sale. In reviewing nominations and considering lands to be offered for leasing, the Secretary shall engage in periodic consultation with the State of Alaska, the North Slope Borough and other affected local governments in Alaska, prospective oil and gas lessees, and representatives of other individuals or organizations engaged in activity in or on the Coastal Plain, including those engaged in subsistence uses.

Subsection 5336(c). Lease sales on coastal plain

Subsection 5336(c) adopts language from section 5207(c) of the Senate bill with modifications based on the House bill. This subsection provides that the Secretary shall, by regulation, provide for oil and gas lease sales of the lands located within the Coastal Plain. For the first lease sale, the Secretary shall offer for lease those acres receiving the greatest number of nominations, but not less than 200,000 and no more than 300,000 acres shall be offered for sale by competitive bid. If the total acreage nominated is less than 200,000 acres, the Secretary shall include in such sale any other acreage which he believes has the highest resource potential, but in no event shall more than 300,000 acres of the Coastal Plain be offered in any such sale. Thereafter, no less than 200,000 acres of the Coastal Plain may be leased in any one lease sale. The initial lease sale shall be held within twenty (20) months of the date of enactment of this chapter. The second lease sale shall be held 24 months after the initial sale, with additional sales conducted no later than every twelve (12) months thereafter so long as sufficient interest in development exists to warrant the conduct of such competitive lease sales.

Section 5337. Grant of leases by the Secretary

Subsection 5337(a). In general

Subsection 5337(a) adopts language from subsection 5208(a) of the Senate bill. This

subsection provides that the Secretary is authorized to grant to the highest responsible qualified bidder by sealed competitive cash bonus bid any lands to be leased on the Coastal Plain upon payment by the lessee of such bonus as may be accepted by the Secretary and such royalty as contained in the lease. Royalties shall be not less than 12½ per centum in amount or value of the production removed or sold from the lease.

Subsection 5337(b). Antitrust review

Subsection 5337(b) adopts language from subsection 5208(b) of the Senate bill. This subsection provides that following each notice of a proposed lease sale and before the acceptance of bids, the Secretary shall allow the Attorney General, in consultation with the Federal Trade Commission, 30 days to conduct an antitrust review of each lease sale.

Subsection 5337(c). Subsequent transfers

Subsection 5337(c) adopts language from subsection 5208(c) of the Senate bill. This subsection provides that no lease issued under the chapter may be sold, exchanged, assigned, or otherwise transferred except with the approval of the Secretary. Prior to any such approval, the Secretary shall consult with, and give due consideration to the views of, the Attorney General.

Subsection 5337(d). Immunity

Subsection 5337(d) adopts language from subsection 5208(d) of the Senate bill. This subsection provides that nothing in the chapter shall be deemed to convey to any person, association, corporation, or other business organization immunity from civil or criminal liability, or to create defenses to actions, under any antitrust law. It is the intent of the conferees that the findings of any antitrust review shall not create any immunity or defenses in any private or government antitrust actions.

Subsection 5337(e). Definitions

Subsection 5337(e) adopts language from subsection 13106(e) of the Senate bill. This subsection sets forth definitions of "antitrust review" and "antitrust laws."

Section 5338. Lease terms and conditions

Section 5338 adopts language from section 5209 of the Senate bill with modifications based on the House bill. Paragraph (1) provides that lease tracts shall consist of a compact area not to exceed 5,760 acres, or 9 surveyed or protracted sections, whichever is larger.

Paragraph (2) provides that oil and gas leases shall be for an initial period of ten years and shall be extended for so long thereafter as oil or gas is produced in paying quantities from the lease or unit area to which the lease is committed or for so long as drilling or reworking operations, in accordance with law and as approved by the Secretary, are conducted on the lease or unit area.

Paragraph (3) provides that leases shall require the payment of royalty of not less than 12½ per centum in amount or value of the production removed or sold from the lease or unit area.

Paragraph (4) provides that exploration activities pursuant to any lease issued or maintained under this chapter shall be conducted in accordance with an exploration plan or a revision of such plan approved by the Secretary. Prior to commencing exploration pursuant to any oil and gas lease issued or maintained under this chapter, the holder of the lease will submit an exploration plan to the Secretary for approval. The Secretary shall act expeditiously in reviewing such plans. Such plan may apply to more than one lease held by a lessee in any region of the Coastal Plain, or by a group of

lessees acting under a unitization, pooling, or drilling agreement, and shall be approved by the Secretary if the Secretary finds that such plan is consistent with the provisions of this chapter and other applicable law.

Paragraph (5) requires that all development and production pursuant to a lease issued or maintained pursuant to a lease issued or maintained pursuant to this chapter shall be conducted in accordance with an approved development and production plan. Such plans may apply to more than one lease held by a lessee in any region of the Coastal Plain, or by a group of lessees acting under a unitization, pooling, or drilling agreement, and shall be approved by the Secretary if the Secretary finds that such plan is consistent with the provisions of this chapter and other applicable law.

The Conferees further expect that the Secretary, in the regulations promulgated pursuant to the chapter, will require lessees to include in any exploration or development plans submitted, appropriate and relevant information concerning the plan.

The Conferees also expect that the Secretary will provide in the regulations for the expeditious consideration of any exploration or development plans submitted. After an exploration or development and production plan is submitted for approval, the regulations should provide that the Secretary shall promptly publish notice of the submission and availability of the text of the proposed plan in the Federal Register and a newspaper of general circulation in the State of Alaska and provide an opportunity for written public comment. The Conferees expect that, within one hundred twenty days after receiving an exploration or development and production plan, the Secretary will determine, after taking into account any comments received, whether the activities proposed in the plan are consistent with this chapter and other applicable provisions of Federal law. The Secretary, as a condition of approving any plan under this section may require modifications to the plan that the Secretary determines necessary to make the plan consistent with this chapter. The Secretary may assess reasonable fees or charges for the reimbursement of all necessary and reasonable costs associated with reviewing the plan and monitoring its implementation. The Secretary may also require such periodic reports regarding the carrying out of the drilling and related activities.

Paragraph (6) provides for the posting of bond by lessees as required by section 13108.

Paragraph (7) provides that the Secretary may close, on a limited seasonal basis, portions of the Coastal Plain to protect calving during years caribou and other species use such areas.

Paragraph (8) provides that an oil and gas lease shall contain such rental and other reasonable fees as the Secretary may prescribe at the time of offering the area for lease.

Paragraph (9) provides that the Secretary may direct or assent to the suspension of operations and production under any lease granted under the terms of the chapter in the interest of conservation of the resource or where there is no available system to transport the resource. If such a suspension is directed or assented to by the Secretary, any payment of rental prescribed by such lease shall be suspended during such period of suspension of operations and production, and the term of the lease shall be extended by adding any such suspension period thereto.

Paragraph (10) provides that whenever the owner of a nonproducing lease fails to comply with any of the provisions of the chapter, or of any applicable provision of Federal or State environmental law, or of the lease, or of any regulation issued under this chapter,

the lease may be canceled by the Secretary if the default continues for a period of more than thirty (30) days after mailing of notice by registered letter to the lease owner at the lease owner's record post office address.

Paragraph (11) provides that whenever the owner of any producing lease fails to comply with any of the provisions of the chapter, or of any applicable provision of Federal or State environmental law, or of the lease, or of any regulation issued under this chapter, the lease may be forfeited and canceled by any appropriate proceeding brought by the Secretary in any United States district court having jurisdiction under the provisions of this chapter.

Paragraph (12) provides that cancellation of a lease under this chapter shall in no way release the owner of the lease from the obligation to provide for reclamation of the lease site or other area disturbed by the lessee's activities.

Paragraph (13) provides that the lessee may, at the discretion of the Secretary, be permitted at any time to make written relinquishment of all rights under any lease issued pursuant to this chapter. The Secretary shall accept the relinquishment by the lessee of any lease issued under this chapter where there has not been surface disturbance on the lands covered by the lease.

Paragraph (14) provides that, for the purpose of conserving the natural resources of any oil or gas pool, field, or like area, or any part thereof, and in order to avoid the unnecessary duplication of facilities, to protect the environment of the Coastal Plain, and to protect correlative rights, the Secretary shall require, to the greatest extent practicable, that lessee unite with each other in collectively adopting and operating under a cooperative or unit plan of development for operation of such pool, field, or like area, or any part thereof. The Secretary is also authorized and directed to enter into such agreements as are necessary or appropriate for the protection of the United States against drainage.

Paragraph (15) requires that the holder of a lease or leases on lands within the Coastal Plain shall be fully responsible and liable for the reclamation of any lands within the Coastal Plain and any other Federal lands adversely affected in connection with exploration, development, or transportation activities on a lease within the Coastal Plain by the holder of a lease or as a result of activities conducted on the lease by any of the leaseholder's subcontractors or agents.

Paragraph (16) provides that the holder of a lease may not delegate or convey, by contract or otherwise, this reclamation responsibility and liability to another party without the express written approval of the Secretary.

Paragraph (17) provides that the leases issued pursuant to this chapter shall include the standard of reclamation of lands required to be reclaimed under this chapter, to a condition capable of supporting the uses which the lands were capable of supporting prior to any exploration, development, or production activities, or upon application by the lessee, to a higher or better use as approved by the Secretary. In the case of roads, drill pads and other gravel-foundation structures, reclamation and restoration shall be to a condition as closely approximating the original condition of such lands as is feasible using the best commercially available technology. Reclamation of lands shall be conducted in a manner that will not itself impair or cause significant adverse effects on fish or wildlife, their habitat, subsistence uses or the environment.

Paragraph (18) requires that the leases issued pursuant to this chapter contain terms and conditions relating to protection of fish

and wildlife, their habitat, subsistence uses and the environment to avoid any significant adverse effects.

Paragraph (19) provides that the leaseholder, its agents, and its contractors use their best efforts to provide a fair share, as determined by the level of obligation described in the 1974 agreement implementing section 29 of the Federal Agreement and Grant of Right of Way for the Operation of the Trans-Alaska Pipeline, of employment and contracting for Alaska Natives and Alaska Native Corporations from throughout the State.

The Conference Committee members are fully aware of the Department of the Interior's failure to monitor and enforce section 29 of the 1974 Right of Way Agreement for TAPS. The Committee intends that the Department as well as lessees use all best efforts to enforce and comply with this statutory provision and directed lease term and condition of leases and other Coastal Plain authorizations.

Paragraph (20) provides that the leases issued pursuant to this chapter shall contain such other provisions as the Secretary determines necessary to ensure compliance with the provisions of this chapter and the regulations issued thereunder.

Section 5339. Bonding requirements to ensure financial responsibility of lessee and avoid federal liability

Subsection 5339(a). Requirement

Subsection 5339(a) adopts language from subsection 5210(a) of the Senate bill. This subsection sets forth the requirement for a bond, surety or other financial arrangement to ensure reclamation of the lease tract and restoration of any lands or surface waters adversely affected by lease operations. The provisions of the subsection are self-explanatory.

Subsection 5339(b). Amount

Subsection 5339(b) adopts language from subsection 5210(b) of the Senate bill. This subsection sets forth the requirements relating to the amount of the bond, surety, or other financial arrangement. The provisions of the subsection are self-explanatory.

Subsection 5339(c). Adjustment

Subsection 5339(c) adopts language from subsection 5210(c) of the Senate bill. This subsection provides that in the event that an approved exploration or development and production plan is revised, the Secretary may adjust the amount of the bond, surety or financial arrangement to conform to such modified plan.

Subsection 5339(d). Duration

Subsection 5339(d) adopts language from subsection 5210(d) of the Senate bill. This subsection provides that the responsibility and liability of the lessee and its surety under the bond, surety or other financial arrangement shall continue until such time as the Secretary determines that there has been compliance with the terms and conditions of the lease and all applicable law.

Subsection 5339(e). Termination

Subsection 5339(e) adopts language from subsection 13108(e) of the Senate bill. This subsection provides that within 60 days after determining that there has been compliance with the terms and conditions of the lease and all applicable laws, the Secretary, after consultation with affected Federal and State agencies, shall notify the lessee that the period of liability under the bond, surety or financial arrangement has been terminated.

Section 5340. Oil and gas information

Section 5340 adopts language from section 5211 of the Senate bill. This section sets forth requirements relating to oil and gas information. The provisions of the section are self-explanatory.

Section 5341. Expedited judicial review

Section 5341 adopts language from section 5212 of the Senate bill. This section addresses judicial review. It requires that all challenges to this chapter or to any action of the Secretary under this chapter, including the promulgation of the regulations under this chapter, be brought in a timely manner and not be raised by a defendant for review during an enforcement proceeding. The remaining provisions of the section are self-explanatory.

Section 5342. Rights-of-way across the Coastal Plain

Section 5342 adopts language from section 5213 of the Senate bill. This section provides that, notwithstanding Title XI of ANILCA, the Secretary is authorized and directed to grant under section 28, subsections (c) through (t) and (v) through (y) of the Mineral Leasing Act of 1920, rights-of-way and easements across the Coastal Plain for the transportation of oil and gas under such terms and conditions as may be necessary so as not to result in a significant adverse effect on the fish and wildlife, their habitat, subsistence resources and users and the environment of the Coastal Plain. Such terms and conditions shall include requirements that facilities be sited or modified so as to avoid unnecessary duplication for roads and pipelines. The comprehensive oil and gas leasing and development regulations issued pursuant to this chapter shall include provisions regarding the granting of rights-of-way across the Coastal Plain. Section 28 is not, of course, applicable to privately owned lands located within the Coastal Plain, which have a guaranteed right of access to private lands under section 1110 of ANILCA.

*Section 5343. Enforcement of safety and environmental regulations to ensure compliance with terms and conditions of lease**Subsection 5343(a). Responsibility of the secretary*

Subsection 5343(a) adopts language from section 5214(a) of the Senate bill. This subsection provides that the Secretary shall diligently enforce all regulations, lease terms, conditions, restrictions, prohibitions, and stipulations promulgated pursuant to this chapter.

Subsection 5343(b). Responsibility of holders of lease

Subsection 5343(b) adopts language from section 5214(b) of the Senate bill. This subsection sets forth responsibilities of holders of a lease. The provisions of this subsection are self-explanatory.

Subsection 5343(c). On-site inspection

Subsection 5343(c) adopts language from section 5214(c) of the Senate bill. This subsection provides that the Secretary shall promulgate regulations to provide for on-site inspection of facilities. The provisions of this subsection are self-explanatory.

Section 5344. New revenues

Section 5344 adopts language from section 5215 of the Senate bill with modifications. Section 5344 provides that the distribution of new revenues (bonus bids, royalty and rental, but not corporate or other income tax) derived from leasing the oil and gas resources of the Coastal Plain shall be equally divided between the United States Treasury and the State of Alaska. Section 5344 provides that: "Fifty percent of all revenues . . . shall be paid by the Secretary of the Treasury semiannually to the State of Alaska. . . ." (Section 5344(a)(2)). There has been some concern expressed about the change in law regarding the distribution of revenues derived from oil and gas leases on Coastal Plain. The following provides information regarding the distribution of the revenues from the leasing of the Coastal Plain.

Following the issuance of the 1987 Department of the Interior Report and LEIS pursuant to which the then Secretary recommended opening the Coastal Plain to an environmentally responsible program of oil and gas leasing, some opponents of leasing have alleged that the State might receive 90 percent, rather than 50 percent, of such revenues. This allegation is based upon a provision of the 1958 Alaska Statehood Act which granted Alaska 90 percent of revenues derived from oil and gas resources located on public lands in Alaska. After this contention was first made, Senator Johnston, then Chairman of the Senate Energy and Natural Resources Committee, requested the Solicitor of the Department of the Interior to prepare a legal memorandum and opinion on the legal validity of this contention. The Solicitor's legal opinion, reprinted as Appendix A following this statement, was completed and transmitted to Senator Johnston and the Congress on November 4, 1987. The Solicitor's legal memorandum and opinion found that under the Property Clause of the United States Constitution, the Congress has full authority to determine the future distributions of revenues derived from oil and gas leases on public lands generally and on the Coastal Plain in particular.

Finally, when this contention was made again in recent weeks during this Congress, Governor Tony Knowles of Alaska submitted a letter to the Congress in which he volunteered to submit legislation to the State Legislature to amend the Statehood Compact to make clear that the State would agree to accept only 50 percent of Coastal Plain oil and gas lease revenues. Ms. Drue Pearce, President of Alaska State Senate, and Ms. Gail Phillips, Speaker of Alaska Legislature's House of Representatives, supported Governor Knowles position and, again, in letters to the Congress pledged their best efforts to secure the Legislature's enactment of such legislation. Copies of these letters are attached as Appendix B.

Subsection 5344(a). Distribution of revenues

Paragraphs (1) and (2) of subsection 5344(a), similar to paragraph (1) of subsection 9002(1) of the House bill, provide that notwithstanding any other provision of law, all revenues received from competitive bids, sales, bonuses, royalties, rents, fees, or interest derived from the leasing of oil and gas resources on Federal lands within the Arctic National Wildlife Refuge, Alaska shall be distributed to the U.S. Treasury, with 50 percent of such revenues to be distributed to the State of Alaska on a semiannual basis.

Subparagraph (3)(A) generally follows the last clause of subsection 5215(a) of the Senate bill. It requires that the Secretary of the Treasury monitor the total amount of bonus bid revenue deposited into the Treasury from oil and gas leases issued under the authority of this chapter. All monies deposited in the Treasury in excess of \$2,600,000,000 shall be distributed as follows: 50 per centum to the State of Alaska and 50 per centum into a special fund established in the Treasury of the United States known as the "National Park, Refuge and Fish and Wildlife Renewal and Protection Fund" ("Renewal Fund"). While the terminology for the Renewal Fund comes from subsection 5215(a) of the Senate bill, the Renewal Fund is also intended to incorporate the purposes of the National Endowment for Fish and Wildlife that would have been established under subsection 9002(n), paragraph (1) of the House bill.

Subparagraph (3)(B) is similar to subsection 9002(n), subparagraph (2)(B) of the House bill. It caps deposits into the Renewal Fund at \$250,000,000. Subparagraph (2)(C) provides that deposits into the Renewal Fund shall remain available until expended and re-

quires the Secretary to develop procedures for the use of the Fund to ensure accountability and demonstrable results.

Subsection 5344(b). Use of renewal fund

Subsection 5344(b) explains the purposes for which the Renewal Fund shall be used. These purposes are drawn from subsection 5215(b) of the Senate bill as well as subsection 9002(n)(4) of the House bill. While subsection 5344(b) would not establish a Fish and Wildlife Conservation Commission as provided for under subsection 9002(n)(3) of the House bill, the conferees intend that the Secretary would fulfill essentially the same fish and wildlife conservation purposes of the Commission under subsection 5344(b), as well as other purposes. Specifically, subsection 5344(b) provides for a distribution of Renewal Fund resources as follows: (1) 25 percent for the National Park System, similar to requirements of the Senate language; (2) 25 percent for the National Wildlife Refuge System, similar to requirements of the Senate language; (3) 25 percent for the acquisition of privately held habitat of threatened or endangered species, similar to requirements of the House language; and (4) 25 percent for wetlands projects under the North American Wetlands Conservation Act, similar to the House language.

Subsection 5344(c). Community assistance

Subsection 5344(c) mostly follows subsection 9002(1) of the House bill. This subsection would establish a Community Assistance Fund for distribution, upon application, of funds to organized boroughs, other municipal subdivisions of the State of Alaska, and recognized Indian Reorganization Act entities which are directly impacted by the exploration and production of oil and gas on the Coastal Plain authorized by this chapter. These organizations, in turn, shall use the funding to provide public and social services. The Secretary shall have at his or her disposal \$30,000,000, and \$5,000,000 or less may be distributed in grant form in any given year.

The Conferees anticipate that the services provided by local and Native organizations would likely bear some relation to the activities authorized by this chapter. However, the Conferees have chosen not to limit the purposes for which a local or Native organization may devote Fund proceeds. Thus, a local or Native organization could provide services such as a transportation shuttle, a job training and placement service, or a conservation program, which would be directly related to the activities authorized by this chapter. Nevertheless, out of deference to local decisionmakers, subsection 5344(c) would not prohibit a local or Native program addressing immunization, education, or another service less directly related to oil and gas leasing on the Coastal Plain.

Subsection 5344(c) allows funds to be distributed only to groups "directly" impacted by the activities authorized under this chapter. The choice of the word "directly" is a deliberate effort to provide funds only to those groups with a direct nexus to Coastal Plain activities. The subsection does not specify a bright-line test of physical proximity, dollar impact, or any other criterion, but any group seeking a grant from the Community Assistance fund must demonstrate an actual, "direct" impact. The conferees anticipate that demonstration of a "direct" impact would be similar to the demonstration necessary to obtain standing in a federal court—there must be an actual impact, clearly traceable to the activities authorized by this chapter.

The Conferees expect that funds will be distributed to communities and groups representing the Inupiat Eskimo people on Alaska's North Slope who will clearly be impacted by exploration and development activities in the Coastal Plain. The Conferees anticipate that funds may also be made available to communities or organizations representing the Gwich'in Indians in the event that these representatives demonstrate an impact from activities in the Coastal Plain.

APPENDIX A

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SOLICITOR,
Washington, DC, November 4, 1987.

M-36957.

CLC.SO.0001.

Memorandum to: Secretary.

From: Solicitor.

Subject: Division of Receipts from Oil and Gas Development from the Arctic National Wildlife Refuge.

You have asked whether the Alaska Statehood Act (ASA), Pub. L. 85-508, 72 Stat. 339 (1958), in any way limits Congress' ability to enact a revenue distribution scheme for oil and gas revenues from new leases in federal wildlife refuges that is different from the revenue distribution scheme set out in the Mineral Leasing Act of 1920 (MLA), 30 U.S.C. §181. Your question refers specifically to the Arctic National Wildlife Refuge (ANWR). The MLA formula provides for the distribution to Alaska (the State) of 90 percent of revenues received by the United States from oil and gas leasing on public lands within the State. For the reasons discussed below, we conclude that the ASA in no way restricts Congress to the distribution scheme set out in the MLA when it enacts legislation to provide for distribution of revenues from new mineral leases in federal wildlife refuges.

BACKGROUND

At issue is the authority of Congress to determine the distribution of revenues from oil and gas leases on public lands in Alaska, and, specifically, from lands that are part of the National Wildlife Refuge System. At present, a distinction is made between revenues from acquired lands and those from reserved public domain refuge lands. Federal oil and gas revenues from acquired lands within refuges are distributed according to a schedule set out in the Wildlife Refuge Revenue Sharing Act (WRRSA)¹ which allots 25 percent to the county in which the refuge is located and 75 percent to the Migratory Bird Conservation Fund, while federal revenues from reserved public domain lands within refuges are distributed in accordance with the Mineral Leasing Act,² which allots 50 percent to the states, except Alaska, in which the refuge is located, 40 percent to the Reclamation Fund, and 10 percent to miscellaneous receipts in the U.S. Treasury. Alaska receives 90 percent of MLA lease revenues derived from within the State. The remaining 10 percent goes to miscellaneous receipts in the U.S. Treasury. As the refuge currently at issue, ANWR, is on reserved public domain land, we will focus on the provisions of the Mineral Leasing Act in analyzing the issue presented to us.

The distribution system set out in the Mineral Leasing Act was extended to Alaska in section 28(b) of the Alaska Statehood Act, as follows:

(b) Section 35 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, shale, gas and sodium on the public domain", approved February 25, 1920, as amended (30 U.S.C. 191), is hereby amended by inserting immediately before the colon preced-

ing the first proviso thereof the following: "and of those from Alaska 52½ per centum thereof shall be paid to the State of Alaska for disposition by the legislature thereof."

After amendment, section 35 of the Mineral Leasing Act read as follows:

All money received from sales, bonuses, royalties, and rentals of public lands under the provisions of sections 181-184, 185-188, 189-192, 193, 194, 201, 202-209, 211-214, 223, 224-226, 226d-229a, 241, 251, and 261-263 of this title shall be paid into the Treasury of the United States; 37½ per centum thereof shall be paid by the Secretary of the Treasury as soon as practicable after December 31 and June 30 of each year to the State within the boundaries of which the leased lands or deposits are or were located; said moneys to be used by such State or subdivisions thereof for the construction and maintenance of public roads or for the support of public schools or other public educational institutions, as the legislature of the State may direct; and, excepting those from Alaska, 52½ per centum thereof shall be paid into, reserved and appropriated, as part of the reclamation fund created by sections 372, 373, 381, 383, 391, 392, 411, 416, 419, 421, 431, 432, 434, 439, 461, 491, and 498 of Title 43, and of those from Alaska 52½ per centum thereof shall be paid to the State of Alaska for disposition by the legislature thereof: Provided, That all moneys which may accrue to the United States under the provisions of sections 181-184, 185-188, 189-192, 193, 194, 201, 202-209, 211-214, 223, 224-226, 226d-229a, 241, 251, and 261-263 of this title from lands within the naval petroleum reserves shall be deposited in the Treasury as "miscellaneous receipts", as provided by section 524 of Title 34. All moneys received under the provisions of sections 181-184, 185-188, 189-192, 193, 194, 201, 202-209, 211-214, 223, 224-226, 226d-229a, 241, 251, and 261-263 of this title not otherwise disposed of by this section shall be credited to miscellaneous receipts. (Feb. 25, 1920, ch. 85, §35, 41 Stat. 450; May 27, 1947, ch. 83, 61 Stat. 119; Aug. 3, 1950, ch. . . . 282; July 7, 1958, Pub. L. 85-508, §§6(k), 28(b), 72 Stat. 343, 351.)³ (Emphasis added.)

The United States Senate is presently considering a bill, S. 735, that would change the distribution system as applied to revenues derived from oil and gas leasing within units of the National Wildlife Refuge System. Specifically, the bill provides that 50 percent of such revenues would go to the state, 25 percent to the Land and Water Conservation Fund and 25 percent to the federal government. If the bill passes, it will apply to all leases in any wildlife refuge issued after enactment, but it is expected that the refuge most immediately affected will be ANWR.

In recent testimony on S. 735 before the Senate Energy and Natural Resources Subcommittee on Public Lands, National Parks and Forests, and in documents submitted to us in connection with our consideration of this issue, representatives of the State of Alaska have argued that Congress cannot legally enact a revenue distribution formula that provides Alaska less than 90 percent of mineral leasing revenues from the leasing of public lands in Alaska without the consent of the State.⁴

ANALYSIS

The enactment of legislation establishing a distribution formula for federal revenues obtained from the leasing of federally owned minerals falls within the power of Congress enumerated in the Property Clause of the Constitution:

The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States. * * *

U.S. Constitution, art. IV, §3, cl. 2.

The Mineral Leasing Act of 1920 is an example of the use of this power. Once having

enacted such a system of mineral leasing, Congress has the authority under the Property Clause to change the distribution schedule set up with regard to the revenues resulting from those leases. As indicated in *United States v. Locke*, 471 U.S. 84, 104 (1985), "[t]he United States, as owner of the underlying fee title to the public domain, maintains broad powers over the terms and conditions upon which the public lands can be used, leased, and acquired." In the *Locke* case, the Supreme Court was called upon to determine the constitutionality of a legislative provision that subjected holders of unpatented mining claims to forfeiture of those claims if they failed to comply with the annual filing requirements of the Federal Land Policy and Management Act of 1976, 43 U.S.C. §1701. In holding the regulation to be constitutional, the Supreme Court indicated that "[c]laimants thus must take their mineral interests with the knowledge that the Government retains substantial regulatory power over those interests." [The Court compared this holding to *Energy Resources Group, Inc. v. Kansas Power and Light Co.*, 459 U.S. 400 (1983), dealing with the impairment of contractual relations.] *Id.* at 105.⁵

Against this background, Alaska must sustain a heavy burden to show that Congress lacks the authority under the Property Clause to change the distribution system for federal revenues derived from oil and gas leases on federal lands, including wildlife refuges.

Alaska's primary⁶ argument against Congress' power to enact a distribution formula for receipts from the lease of refugee minerals that is different from the formula set out in the MLA is that the MLA distribution scheme was incorporated into and made a part of the compact of statehood. According to that argument, the MLA was so incorporated by virtue of the inclusion in the Alaska Statehood Act of a section amending the MLA to apply it to Alaska. The State argues that Congress made the distribution formula part of the compact as a vehicle granting Alaska a permanent property interest in mineral revenues from public lands.⁷ According to the argument, as a grant made to the State in the compact of statehood, the property interest may not be changed. Thus the State argues that the distribution system comes within the narrow confines of *Beecher v. Wetherby*, 95 U.S. (5 Otto) 517 (1877), a case holding that a grant made in a statehood act is an "unalterable condition of the admission [of the State into the Union], binding upon the United States."

We do not dispute that a grant made in a statehood act may be unalterable. However, we believe that in this instance, Alaska paints too broadly the compact of statehood. Rather than being a grant incorporated into that compact, the distribution system applied to Alaska in section 28(b) is nothing more than an exercise of Congress' powers under the Property Clause to dispose of and make needful rules for the public's property.

Judicial precedent instructs that not every provision in a statehood act is an irrevocable grant to the state. Thus, we must look carefully at the provisions of the ASA to ascertain what must be included within the terms of its statehood compact with the United States. The Supreme Court has had occasion to consider the different kinds of authority Congress may exercise in passing a statehood act and what provisions of a statehood act may properly be considered part of the compact entered into at statehood. In *Coyle v. Oklahoma*, 221 U.S. 559 (1911), the Court held

Footnotes at end of article.

that certain conditions contained in Oklahoma's statehood act were not part of the compact of statehood. The Supreme Court pointed out that in admitting a new state into the Union, Congress may simultaneously exercise other of its powers, such as the power to regulate commerce or the power "to make all needful rules and regulations respecting the territory of other property of the United States" (citing *Pollard's Lessee v. Hagan*, How. 212 (1845)). The Supreme Court concluded that provisions contained in a statehood act that are enacted under one of these other powers, "cannot operate as a contract between the parties, but are binding as law." *Coyle*, at 571. The Court then went on to say:

It may well happen that Congress should embrace in an enactment introducing a new state into the Union legislation intended as a regulation of commerce among the states, or with Indian tribes situated within the limits of such new state, or regulations touching the sole care and disposition of the public lands or reservations therein, which might be upheld as legislation within the sphere of the plain power of Congress. But in every such case such legislation would derive its force not from any agreement or compact with the proposed new state, nor by reason of its acceptance of such enactment as a term of admission, but solely because the power of Congress extended to the subject. * * *

Id., at 574.⁸

Section 28 of the ASA is just such an enactment. It is based on Congress' power under the Property Clause to administer federal property interests. The MLA itself was similarly based, and the amendment to it contained in the ASA cannot be used to alter its origins or elevate it to compact status so that it cannot be amended.

Section 28 of the ASA, on its face, does not purport to be either a part of the compact between the United States and to the State of Alaska or a permanent grant of mineral revenues to the State. In fact, section 28 did nothing more than amend a statute that had already been in existence for over 30 years before the ASA was enacted and had long been applied to federal lands in all other states.⁹ Further, section 28 is but one of several sections added at the end of the ASA to amend existing law to apply it specifically to Alaska. Section 28(b) in particular was a necessary and timely expedient because Congress wanted to extend to and adapt for Alaska the revenue distribution system already in place in other states.

Further, section 28(b) is very limited in that it is applicable only to lands leased under the MLA, not to other federally owned lands leased under other authority. For example, section 35 of the MLA gave Alaska no share of receipts from the naval petroleum reserves, and Naval Petroleum Reserve No. 4 (now NPR-A), constituting roughly 23 million acres in Alaska, was separately addressed in Section 11 of the ASA. This separate treatment indicates that Congress did not intend, as argued by the State, that the MLA be a vehicle for an irrevocable 90 percent interest in revenues from all federal mineral lands.¹⁰ This point is further supported by a 1981 Supreme Court decision in which the Court found that a 1964 amendment to the Wildlife Refuge Revenue sharing Act, which included mineral revenues within its 75/25 distribution schedule, was properly applied to oil and gas leasing revenues from wildlife refuges on acquired federal lands in Alaska *Watt v. Alaska*, 451 U.S. 259 (1981).¹¹

Further, section 28 of the ASA did not purport to grant Alaska a 90 percent royalty interest in the minerals themselves. Rather, the section amended an entirely separate statute, the MLA, which itself does not grant the state any interest in minerals, but mere-

ly prescribes a formula for the distribution of certain federal oil and gas revenues. We have previously considered the issue of what interest states have in federal oil and gas under the MLA and concluded that they have no economic interest in the oil in place. As stated in Solicitor's Opinion M-36929, 87 I.D. 661, at 664, 665 (1980):

States have no pecuniary or legal interest in federally owned oil until that oil is leased, extracted and the royalty payments are made to the federal government. In sum, sec. 35 simply provides for the disposition of federal royalty revenue; it does not confer on states an economic interest in the oil in place. * * *

Therefore, under the amendment of the MLA contained in the ASA, the State receives only a periodic distribution of 90 percent of the revenues produced each year from the leasing and production of minerals under the MLA. Alaska receives no revenues under the MLA unit such revenues are produced, and more importantly, receives its MLA royalty distribution only by virtue of the provisions of the MLA, not by virtue of the ASA.¹²

Our conclusion must be, then, that Congress was using the amendment to the MLA contained in section 38 not as a vehicle for granting the state a perpetual 90 percent interest in federal minerals in Alaska, but rather as an exercise of its authority under the Property Clause to dispose of and make needful rules for certain federal property, in this case, to set out the distribution scheme applicable to minerals leased under the MLA.

Our view that the MLA was not incorporated into the compact between the State and the federal government and that it does not amount to a permanent grant is supported by examples of cases in which Congress has exorcized its Property Clause powers to amend the MLA since Alaska gained statehood to the detriment of Alaska's 90 percent interest in revenues from mineral leases. For example, on December 18, 1971, Congress passed the Alaska Native Claims Settlement Act (ANCSA), 43 U.S.C. § 1601, et seq., amending the royalty distribution ratio of the MLA to reduce the State's share of royalties and pay a portion to Alaska Native corporations. Section 9 of ANCSA, 43 U.S.C. § 1608, provided in part that a royalty of 2 percent of the gross value of minerals and 2 percent of all rentals and bonuses would be deducted from the mineral revenues from public lands and paid to the Alaska Native Fund. Prior to ANCSA, the standard royalty on oil and gas leased was 12.5 percent of production. This meant 1.25 percent went to the U.S. Treasury, and 11.25 percent went to the state of Alaska, whereas after ANCSA these percentages were 1.05 and 9.45, respectively.

Similarly, the Crude Oil Windfall Profit Tax of 1980, Pub. L. No. 96-223, 94 Stat. 229 (1980), exacts a tax on MLA revenues prior to the application of the revenue sharing formula *New Mexico v. U.S.* 11 CL. CT. 429 (1986), affirmed —F.2d—, No. 87-1210 (1987). See also, Solicitor's Opinion M-36929 supra.

These examples clearly demonstrate Congress' continuing authority to change the distribution scheme for mineral revenues from federal land whenever it perceives a need to do so.

CONCLUSION

For the reasons stated, we must conclude that Congress has the authority under the Property Clause of the Constitution to alter the distribution formula set out in the Mineral Leasing Act for oil and gas revenues from the Arctic national Wildlife Refuge. The State of Alaska has not met the heavy burden of persuasion with respect to the argument that those Property Clause powers were terminated by the section in the State-

hood Act amending the MLA to include Alaska in the act's revenue distribution formula. We can find no support in the Alaska Statehood Act for the proposition that the MLA was incorporated into the compact between the federal government and the State. In fact, opposite the proposition, we find other instances in which Congress has amended the MLA in a manner which adversely affected the State's interests.

RALPH W. TARR.

FOOTNOTES

¹Section 401, 16 U.S.C. § 715s(c); *Watt v. Alaska*, 451 U.S. 259 (1981).

²Section 35, as amended, 30 U.S.C. § 191.

³The net effect of the amendment was to accord Alaska both the 37½ percent share enjoyed by all other states and the 52½ percent that would otherwise have gone to the Reclamation Fund, for a total of 90 percent. A succession of subsequent amendments to section 35, most recently in section 104(a) of the Federal Oil and Gas Royalty Management Act, 30 U.S.C. § 1701, has changed these figures to 50 percent for states and 40 percent for the Reclamation Fund in states other than Alaska, and 90 percent for Alaska, to be distributed on a monthly basis.

⁴Alaska also raises a number of political and policy issues arising from the historic relationship between the federal government and the states and, specifically, federal government and * * *.

⁵The people of Alaska implicitly acknowledged the powers reserved to Congress under the Property Clause when they agreed in the Alaska State Constitution that:

"The State of Alaska and its people forever disclaim all right and title or to any property belonging to the United States or subject to its disposition, and not granted or confirmed to the State or its political subdivisions, by or under the act admitting Alaska to the Union. The State and its people further disclaim all right or title in or to any property, including fishing rights, the right or title to which may be held by or for any Indian, Eskimo, or Aleut, or community thereof, as that right or title is defined in the act of admission. The State and its people agree that, unless otherwise provided by Congress, the property, as described in this section, shall remain subject to the absolute disposition of the United States. They further agree that no taxes will be imposed upon any such property, until otherwise provided by the Congress. This tax exemption shall not apply to property held by individuals in fee without restrictions on alienation." (Alaska Constitution, art. 12, § 12.)

⁶Alaska also argues that a change in the distribution, such as that proposed in S. 735 would result in the State being treated differently than other states. Specifically, Alaska argues that it is the only state that has a refuge producing oil and gas revenues on reserved lands and, therefore, is the only state that will be impacted by a provision changing the distribution formula for reserved wildlife refuges. Although this appears to be primarily a policy issue, Alaska does suggest that the equal footing doctrine may be implicated by such unequal treatment. However, after reviewing this matter, we do not believe that it raises substantial legal questions. Factually, the proposed law would apply to all new leases on all wildlife refuges. As a factual matter, it is not clear that it would have an unequal impact in the long run. As a legal matter, even if there were an unequal impact, this impact would not constitute a violation of the equal footing doctrine. In *Nevada v. U.S.*, 512 F. Supp. 166 (D. Nev. 1981), a case in which the State of Nevada challenged a moratorium on the disposal of public lands under the equal footing doctrine, the court accurately summarized this doctrine as follows:

"Federal regulation which is otherwise valid is not a violation of the 'equal footing' doctrine merely because its impact may differ between various states because of geographic or economic reasons. *Island Airlines, Inc. v. CAB*, 363 F.2d 120 (9th Cir. 1966). The doctrine applies only to political rights and sovereignty; it does not cover economic matters, for there never has been equality among the states in that sense, *U.S. v. Texas* 339 U.S. 707 (1950). Said case points out that, when they entered the Union, some states contained large tracts of land belonging to the federal government, whereas others have none. "The requirements of equal footing was designed not to wipe out these diversities but to create parity as respects political standing and sovereignty." *Id.*, at 716. Accordingly, Congress may cede property to one state without a corresponding cession to all states. * * * the equal footing doctrine

does not affect Congress' power to dispose of federal property. * * *

⁷In documents submitted to us, the State cites several instances in the legislative history of ASA in which Members of Congress expressed an intent to provide Alaska with sufficient revenues to function as a state, and several other instances in which congressman or reports cited the 90/10 distribution system. However, these expressions of intent do not answer the question of whether the 90/10 distribution was to be a permanent grant of a property interest and whether, by setting out such a formula in 1958, Congress sought to terminate its Property Clause powers with regard to federal mineral revenues from federal lands forever. Our analysis of the statutes and judicial precedent compel a negative answer to both questions that is not changed by the suggestion a general intention to provide the new state with revenue.

⁸See also, *Nevada v. U.S.*, 512 F. Supp. at 171-172: "Regulations dealing with the care and disposition of public lands within the boundaries of a new state may properly be embraced in its act of admission, as within the sphere of the plain power of Congress." (Citing, *U.S. v. Sandoval*, 231 U.S. 28 (1913)).

⁹All of the contiguous lower 48 states had already been admitted to the Union when the MLA was passed in 1920. The MLA was not "incorporated" into the statehood act of any other state.

¹⁰The State's argument implies that 90 percent of MLA revenues goes to all states, not just Alaska. This argument appears to be based on an interpretation of the MLA whereby the 40 percent of MLA revenues which is earmarked for the Reclamation Fund ultimately is returned to the states in the form of reclamation projects. This argument has several problems. The assertion that the 40 percent of MLA receipts from states other than Alaska is returned to the generating states is illusory. In fact, any such money that are returned to the states arrive there only through an express appropriation from Congress after competing with other appropriations proposals, and there is absolutely no guarantee that such moneys as are appropriated will be proportionately returned to the states from which they were generated. The 90 percent provided to Alaska, however, is distributed directly to the State, to be disposed of as the state legislature directs. To the extent Alaska argues that it has been treated the same as other states in receiving the 90 percent share of MLA revenues, it implicitly admits that equal treatment would allow Congress to change the MLA formula for Alaska, because Congress clearly has the power to amend the MLA to affect the royalty shares of the other states. *New Mexico v. U.S.*, 11 Cl. Ct. 429 (1986); affirmed, —F.2d—, 87-1210 (1987).

¹¹The case cited in the text focused on section 401 of the Revenue Sharing Act, 16 U.S.C. §715s(c), which after the 1964 amendment provided that 25 percent of the receipts, including mineral receipts, generated by a refuge would go to the county in which the refuge was located and 75 percent to the Migratory Bird Conservation Fund. The Kenai Borough (the county in which the Kenai Moose Range is located), and the State of Alaska, each filed suit to challenge the federal interpretation that this formula applied to oil and gas revenues generated from the refuge. The U.S. District Court, District of Alaska, and the Ninth Circuit Court of appeals each found in favor of the state of Alaska, that is, that section 35 of the MLA and not section 401 of the WRRSA, controlled the distribution of receipts from Kenai Moose Range. The Supreme Court held that the 1964 amendment clearly covered oil and gas receipts, but also found that it has not been the intent of Congress to amend section 35 of the MLA. Therefore, the court ruled that the WRRSA applied to oil and gas receipts from acquired lands in wildlife refuges, but not to reserved public lands in wildlife refuges. *Watt v. Alaska*, U.S. 259 (1981). Even though the Court distinguished between acquired lands in refuges and public domain, this decision supports the proposition that Congress is not bound by the ASA to give Alaska 90 percent of oil and gas leasing revenues from all federally owned land.

¹²In contrast for example, the ASA explicitly granted Alaska 103,350,000 acres of land, which * * *.

DEPARTMENT OF JUSTICE, ENVIRONMENT AND NATURAL RESOURCES DIVISION

Washington, DC, May 8, 1991.

Re Arctic National Wildlife Refuge.

Mr. PAUL SYMTH,

Acting Associate Solicitor, Energy and Resources, Department of the Interior, Washington, DC.

DEAR MR. SYMTH: I have reviewed Solicitor's Opinion M-36957 concerning the eventual division of oil and gas revenues from the Arctic National Wildlife as you recently requested. I concur in its conclusion that for ANWR Congress may alter the 90/10 distribution set out in the Mineral Leasing Act.

Although it may be premature to say that we would arrive at our conclusion through the same analysis followed in the Opinion, we are convinced that Congress may authorize the altered distribution and would certainly feel comfortable defending that conclusion in court.

Thank you for making us aware of this potential issue in advance of litigation. We would be interested in knowing what Congress ultimately decides.

Sincerely,

MYLES E. FLINT,
Deputy Assistant Attorney General.

APPENDIX B

STATE OF ALASKA,
OFFICE OF THE GOVERNOR,
Juneau, AK, October 17, 1995.

Hon. FRANK MURKOWSKI,
U.S. Senate,
Washington, DC.

DEAR SENATOR MURKOWSKI: During my recent visit to Washington, DC, it became clear to me that a central issue in the debate related to oil development in the Arctic National Wildlife Refuge (ANWR) is the allocation of the revenue between the State of Alaska and the federal government. Accordingly, I am writing to you to reiterate my position on this issue.

By your legislation, and that of Congressman Young, you have concluded that fifty percent of the revenues of ANWR should be used to reduce the Federal budget in order to accomplish Congressional approval.

The state is entitled to receive ninety percent of oil and gas revenues generated from federal lands in Alaska. According to your reports, Congressional action is highly unlikely unless Congress sees some direct benefit to the federal budget. In addition to all of the other strong arguments in support of opening ANWR, it has been made clear to us that a fifty-fifty split of the revenue is necessary to attain favorable Congressional action. I support your strategy to split the revenues evenly between the state and federal governments.

If there is federal enactment of the fifty-fifty revenue split, it would constitute an amendment of the Alaska Statehood Act. According to the Alaska Department of Law, an amendment to the Statehood Act requires state concurrence. This concurrence must occur through the enactment of a bill by the Alaska Legislature and approval by the Governor.

Therefore, I will introduce and pursue legislation to accept such a change if Congress adopts a fifty-fifty revenue split. In this way, Alaska's elected officials in Juneau will have a full opportunity to debate the merits of agreeing to any modification of the ninety-ten revenue formula.

I firmly believe any amendment of the ninety-ten revenue split should apply to ANWR only. I will continue to insist, by way of the statehood compact lawsuit, that Alaska receive its full entitlement on the development of other federal lands in Alaska.

The State of Alaska stands ready to assist you in attaining Congressional approval of opening ANWR.

Sincerely,

TONY KNOWLES,
Governor.

ALASKA STATE LEGISLATURE,
Juneau, AK, October 17, 1995.

Hon. NEWT GINGRICH,
Speaker of the House,
Washington, DC.

DEAR SPEAKER GINGRICH: On behalf of the Alaska State Legislature, we would like to thank you for taking the time to meet with us during our recent visits to Washington, D.C. and for your support of oil and gas leasing in ANWR.

As the Republican leaders of the state Senate and House, we would like to state our unqualified support for current congressional plans to allow oil and gas development on the coastal plain of ANWR and to share lease revenues 50-50 between the state and federal governments.

We are aware that some House Republicans have expressed concern about this revenue sharing in light of Alaska's right under its statehood compact to receive 90% of revenues from oil and gas leases on federal lands.

Governor Tony Knowles announced on September 28th before the National Press Club that he backs the 50-50 state-federal split of ANWR lease revenues as proposed in the budget reconciliation act. He is on record saying he will introduce legislation to change the statehood compact to provide a 50-50 revenue split for ANWR lease revenues.

As the U.S. House and Senate works to complete action on the budget reconciliation act, Members of Congress should know that we will do everything in our power to ensure that such a bill passes the Alaska State Legislature and becomes law.

Sincerely,

DRUE PEARCE,
Senate President.
GAIL PHILLIPS,
House Speaker.

MONTANA'S CENTER FOR WILDLIFE INFORMATION

Mr. BAUCUS. Mr. President, we all recognize general Norman Schwarzkopf as a great military leader. But what most Americans probably do not know is that he is also deeply devoted to the cause of conserving one of our most precious resources, our wildlife. In cooperation with a number of my constituents in Montana, General Schwarzkopf have been involved in a remarkable effort to increase public understanding and appreciation of the wildlife that help make Montana and America so special. As General Schwarzkopf has said:

In traveling and living throughout all parts of our world, I have learned that we possess in this country of ours and in neighboring Canada one of the most marvelous arrays of wildlife and wildlands found anywhere.

Yet, as any Montanan can tell you, each year people are killed or injured and wildlife is lost unnecessarily because of conflicts that should have been avoided. So General Schwarzkopf and Chuck Bartlebaugh of Missoula, MT have decided to do something about it. The Center for Wildlife Information has been established in Missoula. By creating a series of public

service announcements, seminars, conferences, and other public education activities, they are working successfully to increase public respect and understanding of our wildlife resources.

A project recently announced by the Center is particularly exciting. With the support of Plum Creek Timber Co., the Center for Wildlife Information and Columbia Falls Junior High, located close to the western gateway of Glacier National Park, are working to develop a bear-awareness and wildlife stewardship education program. Under the direction of Columbia Falls Junior High's principal Neal Wedum, students and teachers will write and design educational materials and teaching units on black bear and grizzly bear identification, techniques for safe hiking and camping in bear country, and techniques for viewing and photographing wildlife safely and responsibly. Students will also develop an educational unit about partnerships between corporations, communities, and wildlife management agencies in Montana's Seeley-Swan Grizzly Bear Corridor.

In closing, Mr. President, I commend everyone involved in this remarkable effort: Chuck Bartlebaugh, Kris Backes of Plum Creek, and Principal Wedum, to name just a few. Congratulations and good work.

THE BUDGET

Mr. COATS. Mr. President, the topic of the day, the topic of the week, the topic of the month, is clearly the budget, the fiscal crisis this country has been in for a lot longer period than we care to remember. There has been discussion on this this morning. Obviously, the decision now is in the President's hands.

Republicans have clearly defined what they attempt to do. It is anything but an extreme measure. The President, if he will simply follow his own admonitions to us, will find it very difficult to disagree and veto the Republican plan that is being sent to him.

The President called for a 7-year budget with real numbers. We gave him a 7-year budget with real numbers. We are asking him for a commitment to that; frankly, a commitment to simply negotiate how that is achieved in return for a resolution which would provide funding for the Government so Government workers can come back to work on Monday.

BOSNIA

Mr. COATS. Mr. President, I would like to divert from that just for a moment because, were it not for the overshadowing presence of the budget debate, which is appropriate, I suspect we may be on this floor debating an issue that is of great significance and great importance.

As we speak, the United States is leading an effort in Dayton, OH, to attempt to reach some kind of peace agreement between the warring fac-

tions in Bosnia. That has been an elusive goal, one which different parties and different factions have been attempting over nearly a 600-year period of time; in this latest conflict, 4 years of serious engagement with disastrous and tragic consequences for hundreds of thousands of people, if not millions of people, in that part of the world.

But, if we have learned anything, I think, from our recent history in terms of the United States involvement in conflicts abroad, it is that any kind of involvement, and particularly a long-term involvement, anything exceeding just a matter of days, ultimately cannot succeed without the support of the American people.

That support is expressed through their elected representatives. The President has said and Congress has said that it is appropriate for Congress to examine the conditions upon which any U.S. troops will be subject to deployment to a foreign land, particularly one in which potential conflict and potential threat to their health and safety and life exist.

At this point, hopefully, we are nearing a real peace agreement in Dayton. I have some very deep concerns about the nature of that agreement and whether it can even be accurately described as a peace agreement. But, unfortunately, the President of the United States for whatever reason some time ago, and on numerous occasions, has made commitments to deploy troops as soon as this agreement is reached.

There have been some recent indications that the President is willing to let Congress take a look at, examine, and analyze the peace agreement but no commitment that, even if we disagree, the troops will not be sent. In fact, there is pretty good indication that an advance party of up to 2,000 American troops will be sent there to sort of hold the line while the so-called 2-week "period of examination" passes. The President hopes for congressional support and authorization. He has not yet received it, nor will he unless he is able to go before the American people and go before this Congress and make a compelling case for use of United States troops on the ground in Bosnia. That case, I suggest, has not been made, and has not even been attempted to be presented to the American people a cogent, logical, understandable reason why 20,000 uniformed troops of the United States Armed Forces need to be inserted into the conflict in Bosnia. The President may intend to do that. I do not know. He has waited a dangerously long time.

The argument that the administration has made, feeble as it is, is that it is necessary for two reasons: One, to contain the spread of the conflict to other areas which involve other NATO allies which eventually will pull in all of Europe. There is little reason to suspect that will happen. It has not in a 4-year period of time.

What we have essentially looked at is a civil war within a confined border of three factions fighting for land which they have fought for for nearly 600 years—avenging tragedies, avenging killings, avenging land seizures and private property seizures which have taken place over a significant period of time. Even if spreading beyond the current borders were a real possibility, there are strategies, containment strategies, that NATO could employ which are far different and involve far less risk than inserting 20,000 American troops and 40,000 NATO troops for a total of 60,000 onto the ground in the middle of the conflict that currently exists in Bosnia.

The second reason the administration postulates is that our involvement with troops on the ground is necessary to maintain the integrity of NATO. I think that even that is a questionable proposition.

In a recent article in Time magazine by Charles Krauthammer he talks about that very point, saying, "Of course, the single most powerful argument in favor of deployment invokes NATO: to renege on this promise of American relief for our NATO allies already trapped in Bosnia in a fruitless 'peacekeeping' mission." He asserts that it "would be the worst blow Clinton has yet dealt"—I am quoting—"to NATO cohesion."

"Whatever the strategic policy of having our troops in Bosnia, the argument goes, our NATO allies want us to take the lead on the ground, and we promised that we would do that."

But, as Krauthammer goes on to explain, our recent history indicates that one of two things are going to probably happen. Either we will suffer a loss of life—either we will suffer a situation which is far different than what could be described as peace, and, therefore, without having gotten the commitment of the Congress, or the commitment of the American people, we will call for a withdrawal of those troops which would be a serious blow to the integrity of NATO—or it may result in a long-term deployment and commitment of those troops which we have not again made the case for, nor do I think we can begin to expect American support for, a long-term commitment to that.

Either one of those occurrences, one of which is likely to happen, could do great damage to the NATO alliance and, as Krauthammer argues, and I agree, actually do more damage than not providing troops on the ground.

The President has not defined our vital interests in that involvement. He has not defined what our objective and mission would be. He has not defined how we would exit from the situation other than to say we will be out of there within a year. I think what he means by that is that we will be out of there before the next election. It is politically not feasible, and untenable to think the troops would still be there and become an election issue. That in

and of itself is a recipe for disaster given the nature of the warfare. And anybody who understands the enmity that exists between the parties, and the conflict over who owns what land, knows that the American troops being out longer than a year is likely to just promote and produce a situation in which the parties wait out the situation, and then would return to the status quo, which is obviously not something that any of us looks forward to.

There are a couple of other concerns that I have. One is the question of neutrality. It is one thing to send troops into a situation when those troops are viewed—and that nation sending the troops is viewed—as a truly neutral partner in the process. In this case, we have decidedly sided with one faction in this conflict—the Bosnian Moslems. While we have not seen the final details of the peace agreement, the United States has indicated that one of our objectives in this deployment will be to arm the Moslems, will be to bring them to “a level of parity” with the other factions. That may be comforting news to the Bosnian Moslems. I doubt that is very comforting to the other parties in the conflict, and certainly not the Serbs.

So what our goal should be is a disarming of all parties involved, to reduce the level of tension and reduce the level of potential conflict rather than build up the capacity of one of the parties but, in doing so, even if that were an agreed upon military strategy, I think that is a terrible political strategy because we will not be viewed as a neutral party. The United States, which is already by the very nature of its—I ask unanimous consent for 3 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COATS. The United States which is already viewed by a number of countries as not necessarily a neutral entity, and which has become a target, unfortunately, over the years for terrorists and extremists and others that want to disrupt either the peace talks or simply make a point, I think would clearly be identified as a party which was not neutral in this conflict and clearly would be a potential target for terrorism.

I had the experience nearly a decade ago of traveling to Beirut visiting the marines that were encamped between warring factions, and witnessed the aftereffects of the tragic bombing of the marine barracks that cost the loss of several hundred lives. Those that perpetrated this incident wanted to make a point, and by making that point they felt that they could influence the course of that conflict. And they did. I think the very same something—maybe not the very same but something similar—happened in Somalia.

So we at great risk put our troops between the warring factions.

My final point is that I think we need to be very, very careful about what a

peace agreement says and means that might come out of Dayton. Dayton could very well produce a “peace”—I put that word in quotation marks. Again, I am referring to the Krauthammer piece—a “peace” that is unstable and divisive, and largely unenforceable. It may be a peace imposed rather than a peace sought and agreed to by the warring factions; imposed by outside forces. If that is the case, we are likely to have a situation where, as Krauthammer says, this lowest common denominator peace plan commands three grudging, resentful signatures from unreconciled parties. That is a disaster for American troops on the ground. And particularly, if the President has not sought the support of the American people, the support of their elected representatives, and defined for the American people just why it is necessary to utilize American troops on the ground. We need to make sure.

I ask for one additional minute, and I promise to quit even if I am not finished.

The PRESIDING OFFICER. Without objection, it is so ordered.

We should make sure that we have an ironclad commitment from the three parties involved that they not only are seeking a true peace but they are willing to self-enforce a true peace; that they will do so with a build-down of forces instead of a buildup of forces; that they will do so with wide zones of separation between them; that the peace will be essentially self-enforcing; and that they will be committed to bringing about that cessation of hostility and conflict between them.

If that is the case, one has to ask themselves the question, why are 60,000 troops needed to enforce that? If that is not the case, I think we have a very serious question.

My time has expired, and I promised to quit, and even though I have more to say, I will say it later. I thank the Chair and the patience of my colleague from Nebraska.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER (Mr. GREGG). The Senator from Nebraska.

PEACE IN BOSNIA

Mr. KERREY. Mr. President, with additional time, I would love to discuss this situation with the Senator from Indiana. It is a very difficult situation. I was in the Krajina Valley a couple days after the Croatian Army had driven back the Croatian Serbs and several hundred thousand estimated, a couple hundred thousand civilians left that valley, and a day later 120 millimeter rockets came into a market in Sarajevo and killed another 40 civilians. And not long after that a President Clinton-led NATO engaged in airstrikes, and it was not long before you could fly into Sarajevo.

We see the makings of peace in the region. It is an unprecedented event with the United States leading in a dip-

lomatic effort, Ambassador Holbrooke going around the clock with unimaginable stamina to try to negotiate a settlement.

I listened to the House debate last night on this subject, and I must say I hope our own words do not make it more difficult to get an agreement and we do not find ourselves right back in the soup. I think it is a long shot to get a peace agreement. No question it is going to be difficult to get, but I think in any evaluation of what has gone on in Bosnia in the last 60 days you almost have to begin and end with praise for President Clinton's ability to lead NATO and to lead to where we are today, which is a significant reduction of violence in that part of the world.

DEFICIT REDUCTION ACT

Mr. KERREY. Mr. President, as to the Deficit Reduction Act, I would like to make a few comments.

First, we need to sort of check our own rhetoric and ask ourselves why. A lot of people come down and say we have unprecedented debt mounting on top of record debt. We do not have record debt. Our percentage of debt to GDP is going down. A lot of people say we have to do what we did in the cold war. During World War II, we accumulated almost 130 GDP of debt and won the war as a consequence, did the Marshall plan after that, rebuilt our own country as a consequence of a willingness to go into debt, no matter how we used that debt. I will get to that later.

I am very much concerned that a growing portion of our outlays is going not to investments but going to current consumption. I think it is a significant problem. It is not a problem, by the way, caused by the poor. I voted against this proposal for a number of reasons. I do not think it is fair. I do not believe it asks people like myself with higher income to participate in deficit reduction, which I think is terribly important. I receive very little in the way of Government services. People with lower incomes do receive more in Government service. I am asking them to shoulder a disproportionate share of eliminating this deficit.

Second, not only does it rend the social safety net, but it does not start us on the road to evaluating what kind of safety net do we need. I think most of us in this body now believe that we have to have economic growth, that our tax policies, which I do not think encourage savings and investment, need to be written so that we get the kind of investment and economic growth the country needs; that we have regulatory policies that are mindful of the risks that people take when they invest money.

Most of us understand that we have to have an economy that is growing, but if you are going to have a vibrant market economy where people are making business and bottom line decisions, you also have to have some kind of safety net out there. We ought to be

thinking about how do we take the next step of how do we get it universal rather than moving away as I see this proposal doing.

We ought to ask ourselves, as Senator SIMPSON and I did, how do we reform the Federal retirement program so that there is more flexibility, individuals get a higher rate of return, they have something they own and they can acquire wealth during the course of a working life that might not generate much opportunity for savings.

We need to be asking ourselves how do we construct the safety net that enables us to have a vibrant market economy instead. As I see it, we rend the social safety net and then we really do not acknowledge that there is an importance and value to having it there in place.

Again, perhaps as a result of our own orientation, the higher your income gets, there is a tendency to presume that everybody is living like you are and a presumption that, gee, everything is OK. Everything is not OK. You talk to people 50 years of age out there, men or women who tell you what it is like to get a pink slip in a downsizing operation after working 30 years on the job. They have a tough time getting health insurance. They have a tough time adjusting to not just the downsizing but the reduction in income that they face.

If you want to have a vibrant economy, not only do we need to change our tax and our regulatory structure, we also need to change the safety net, and this proposal moves us in the wrong direction.

Third, I talked at length about how it really does not solve the problem of growing entitlements at all. It postpones them. It says, well, we can deal with Social Security later. We can deal with Medicare later. Really, the long-term problems, we deal with them later.

Mr. President, time is not on our side. Every year you wait you really deepen the cut or increase the possibility that working people are going to have to pay more taxes as a consequence of our unwillingness to face the problem.

The next thing I did yesterday was go through a few things that I as a Democrat would be willing to support that would enable us, I think, to produce the savings needed to have more fairness in the proposal, to begin to consider what kind of safety net should we construct and would have us moving in the direction of controlling entitlements.

On my list is I think we should drop the tax cut. I will describe a little bit later a rather remarkable letter from the Congressional Budget Office Director, June O'Neill. We should drop the \$245 billion tax cut, commit ourselves to set a course so that at the end of 1996 we can enact fundamental tax reform that does encourage savings and investment; we understand that the current income tax system needs to be

adjusted; that working families are having trouble saving money.

Let us not do it piecemeal. Let us do it bigger. This tax cut proposal should be dropped because it enlarges the deficit in the short term. Again, I will discuss that later. I would be willing to vote to reduce the Consumer Price Index by half a point. The adjustment would save hundreds of billions of dollars. I would even go further than half a point, but half a point seems to be about where we are. I am just alerting my Republican colleagues there are ways for us to come up with additional savings that are needed to balance the budget but to do it in a fair way and the way that has us holding onto a safety net that we need in the market economy.

I would be prepared to vote to phase in an increase in the eligibility ages both for Social Security and Medicare. It would not affect current beneficiaries at all. In fact, it does not have to affect beneficiaries over the age of 50. But to phase that in gives everybody under 50 time to plan and produces tremendous future savings.

I would be prepared to vote for an affluence test on all Federal entitlement programs, including farm program payments, if it is fair. It generates tremendous savings in the short term. It seems to me easy for us to sell, and I consider it to be an attractive way again to preserve that safety net and keep fairness in this proposal.

Mr. President, I would like to just sort of insert one other objection that I have that I failed to note earlier in my discussion.

There is a so-called Freedom to Farm Act proposal that is tucked away in this reconciliation bill. You can imagine what the American people are going to say when they find out that somebody out there with a half section of land that they are not farming now—let us say they use it for pasture and they have a hobby farm going on out there. Maybe they raise horses, for all I know. Under this proposal, they are going to be encouraged to enroll. They are going to get paid whether they farm or not. They are going to get income whether they are producing any agriculture product or not. It converts a market based system to a welfare system I do not think the American taxpayers are going to like and I know American farmers are not going to like as well.

Mr. President, there is a document I would urge colleagues to read. I will put in the first two pages. I ask unanimous consent that the first two pages be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 16, 1995.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed the conference

report on H.R. 2491, the Balanced Budget Act of 1995, and has projected the deficits that would result if the bill is enacted. These projections use the economic and technical assumptions underlying the budget resolution for fiscal year 1996 (H. Con. Res. 67), assume the level of discretionary spending indicated in the budget resolution, and include changes in outlays and revenues estimated to result from the economic impact of balancing the budget by fiscal year 2002 as estimated by CBO in its April 1995 report, *An Analysis of the President's Budgetary Proposals for Fiscal Year 1996*. On that basis, CBO projects that enactment of the reconciliation legislation recommended by the conferees would produce a small budget surplus in 2002. The estimated federal spending, revenues and deficits that would occur if the proposal is enacted are shown in Table 1. The resulting differences from CBO's April 1995 baseline are summarized in Table 2, which includes the adjustments to the baseline assumed by the budget resolution. The estimated savings from changes in direct spending and revenues that would result from enactment of each title of the bill are summarized in Table 3 and described in more detail in an attachment.

Sincerely,

JUNE E. O'NEILL,
Director.

Attachment.

TABLE 1.—CONFERENCE OUTLAYS, REVENUES, AND DEFICITS

[By fiscal year, in billions of dollars]							
	1996	1997	1998	1999	2000	2001	2002
Outlays: Discretionary ..	534	524	518	516	520	516	515
Mandatory: ..							
Medicare ¹ ..	196	210	217	226	248	267	289
Medicaid ..	97	104	109	113	118	122	127
Other	506	529	555	586	618	642	676
Subtotal	799	843	881	925	984	1,031	1,093
Net Interest ...	257	262	261	262	260	254	249
Total outlays ..	1,590	1,629	1,660	1,703	1,764	1,801	1,857
Revenues	1,412	1,440	1,514	1,585	1,665	1,756	1,861
Deficit	178	189	146	118	100	46	-4

¹ Medicare benefit payments only. Excludes medicare premiums.

Notes.—The fiscal dividend expected to result from balancing the budget is reflected in these figures. Numbers may not add to totals because of rounding.

Source.—Congressional Budget Office.

Mr. KERREY. As you can see, Mr. President, it is from June O'Neill, Director of the Congressional Budget Office. The CBO has been cited a lot as we go through this continuing resolution debate. This is written to Chairman PETE DOMENICI, November 16, 1995, with copies sent to the ranking member, Senator EXON of Nebraska, along with the chairman and ranking member of the House Budget Committee, JOHN KASICH and Congressman SABO.

It is a remarkable document, Mr. President, and shows the folly of the tax cut. But it also shows that we really are postponing most of the difficult choices. No American should believe that because if we enact this reconciliation bill—let us say by some miracle the President changes his mind, which I do not believe he is going to do; I believe he is going to veto it. Let us say we enact this thing. All it does is commit it for a single year. Next year we come back and vote again.

The year after that we have to vote again. I say to Americans, examine the

document. For gosh sakes, the deficit this year is \$164 billion. It has been going down every year for the last 4 years. Next year the deficit goes to \$178 billion, and the year after that it goes to \$189 billion. I mean, this proposal increases the deficit next year and increases the deficit the year after that. This does not reduce deficits; it increases deficits.

And to exclude Social Security—there is another letter coming from June O'Neill that says that because you include Social Security income, you are actually reducing the size of the deficit by some \$60 to \$100 billion, depending on the year that you take. So we get an increase in the deficit, Mr. President, and we are postponing most of the difficult cuts.

In the year 2002 this Congress is going to be expected to cut \$70 billion in a single year. Unlikely, Mr. President. If you look at the backdating of the difficult decisions, I think the American people begin to understand why this so-called revolution is a lot less than meets the eye, a lot less, and why they should insist, if they want to balance the budget and they want to do it in a fair way and in a fashion that enables us to have some kind of a reasonable safety net and vibrant market economy—

The PRESIDING OFFICER (Mr. DEWINE). The Senator's time has expired.

Mr. KERREY. Mr. President, I ask unanimous consent for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. That we need a different reconciliation bill than the one that was passed by this body by 52 votes yesterday.

Again, I would urge colleagues to look as well at the growth of entitlement programs. These are not programs for the poor. These are middle-class entitlements and most difficult of all. Almost half of the growth of all spending in here is Social Security, which is not even on the table in this discussion.

So, look at the growth and then ask yourself, if you had \$435 billion this year for defense and nondefense appropriations—which is what you have in the year 2002—construct the budget, build a budget with \$435 billion, go home and tell your citizens, OK, we are going to use \$263 billion for defense, and that gives me \$174 billion for all other spending, you cannot do it, Mr. President. You are not going to be just closing down odds and ends; you are going to be shutting down NASA and shutting down the courts and significant functions of Government.

You cannot get there from here, Mr. President, unless we come as Democrats and Republicans and say we are willing to do something, drop the tax cut, adjust the CPI, phase in changes in the eligibility age, consider an affluence test, do something with part B premiums. Those kinds of changes, Mr.

President, would not only enable us to balance the budget in 7 years, but do it in a fair fashion, do it in a way that enables us to build a new safety net and a vibrant market economy, and I think restore the confidence of the American people, who rightly have concluded, by the way, even if this is enacted, that we are not going to be balancing our budget.

Mr. President, I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Before my friend from Nebraska leaves the floor, I want to state to him, through the Chair, and to my friend who is the chairman of the Budget Committee, that the two Senators from Nebraska are people who have credentials to speak about balanced budgets. The ranking member, Senator EXON from Nebraska, of the Budget Committee, former chairman of the Budget Committee, has worked for years on balancing the budget. My friend from Nebraska, the junior Senator from Nebraska, chaired the entitlement commission and has spoken out, to his detriment politically, on many occasions of what he sees as the wrongs of what we are doing with entitlements.

So, the reason I mention that while he is here on the floor, the chairman of the entitlement commission, a Governor from the State of Nebraska, people who have credentials to talk about balancing the budget and who have actually done significant things to get us toward that direction, when you have the two Senators from Nebraska speaking out against the reconciliation bill that passed, I think the American public should be aware that it is not a good piece of legislation.

Mr. President, before my friend leaves, I would also like to ask him a question as a former Governor of the State of Nebraska. Would the Senator, based upon his experience and expertise, indicate in his words why he thinks it is wrong to have the executive bound by numbers given to him by the legislative branch?

Mr. KERREY. Mr. President, the Senator asks a question that I think is very relevant. I voted against the continuing resolution for precisely that reason. This Congress should not bind the President to use numbers that are developed by the Congress, just like I do not think we should be bound to accept carte blanche the numbers that are used by OMB. Indeed, when I came into office in 1983, there was a great political controversy that occurred as a result of nobody trusted the numbers. We actually created a statute, an independent agency, to produce the numbers that both sides trust. And a lot of the politics now has been taken out of it.

I think the Senator raises what I consider to be a fundamental defect in the continuing resolution that was passed and the President vetoed. This body should not bind the President to

use congressional numbers, just as this body should not write into statute that we are always going to use OMB numbers.

Mr. NUNN. If my friend from Nevada would yield on that point, while the Senator from Nebraska is here.

Mr. REID. Certainly.

Mr. NUNN. I would like to make a few remarks on this very subject. I think the 7-year number for balancing the budget in 7 years is a reasonable goal. I would hope that the President would agree with that goal as we proceed to try to find a way to end this Government shutdown and pass a continuing resolution.

Mr. REID. I would say to my friend, though, is it not a fact that the President has basically agreed to that anyway?

Mr. NUNN. It is my understanding that is what is being talked about now. But the Congressional Budget Office [CBO], I happen to believe they have more conservative numbers and should be agreed to as the basis for the overall approach to get a balanced budget, because we have seen time and time again that we end up erring on the side of optimism, and we do not end up achieving the savings that were projected.

But, having said that, I think no President of the United States is going to accept the CBO numbers for a 7-year period and have that dictated to by Congress in law. It is one thing to agree to 1 year as an estimate; it is another thing to have the congressional branch tell the executive branch that it has to abide by those numbers. Congress passes those numbers, can use the CBO numbers, but Congress then has to send the bill to the President. The President has a right to veto it under the Constitution.

This business of shutting down Government if the President will not agree for a 7-year period to the congressional numbers is a way of trying to avoid the constitutional procedures that were set up by our Founding Fathers which have worked pretty darn well. Shutting down Government to prevent the President from using his veto is something that I think is a sad mistake and is going to hurt more and more people as time goes on.

I say that as one who watched Republican Presidents make virtually the same point. I do not believe President Reagan or President Bush would have accepted a dictate by a Democratic Congress that they use CBO numbers during their periods in office. I have talked to the former Directors of OMB under the previous Presidents, and they have confirmed that opinion.

I do not believe President DOLE or President GRAMM or President SPECTER or President LUGAR would allow the Congress to say, "You are going to use CBO numbers"—a Democratic Congress particularly, reversing the present scenario—"We are going to require you to use these numbers." Billions and billions of dollars are at stake, and also a separation of powers is at stake.

So while I favor using the CBO numbers, I do not favor putting into law and holding the President hostage in terms of a shutdown of Government if he does not agree to that, because if I were President of the United States I would not agree to it.

It does not have much to do with the question of the budget. It has a lot to do with the question of separation of powers. We are going to be visiting, as the Senator from Nebraska said, these issues every year, whatever the results of this compromise that I hope will emerge in negotiating a final reconciliation bill.

We will have to have a compromise. These are going to be estimates. We are going to make mistakes. The Medicare-Medicaid savings—I applaud the Republicans for taking on these entitlements; I think it is long overdue. I think those of us on the Democratic side need to muster up some courage to begin to take on the entitlements also. But I believe we are going to have to go back and have a lot of corrections made to the changes that are being made because all of these are estimates.

We do not know how much is going to be saved. That is one of the reasons I feel that going forward with a front-end tax cut is a mistake now because we are going to have to have some money to patch up the mistakes as we go along and we find out people are really being hurt in an unjustified way.

So I hope out of all of this, we will reach some compromise very soon that will have the President basically agree to the 7-year target and goal but not have Congress impose by law the CBO numbers. There are lots of ways to be able to do that, and I hope we will find a way before too many more hours go by.

I thank the Senator for yielding. I did want to comment on that one point.

Mr. REID. I appreciate my friend's statement. In addition to the two Senators from Nebraska, the Senator from Georgia has a record of many, many years of being frugal and always trying to do something about a balanced budget and entitlements. He and the senior Senator from New Mexico have worked together on this for many years, and when we hear of the Senator from Georgia speaking out about the problems with the present reconciliation bill, it says volumes.

Mr. President, I ask unanimous consent that I be allowed to proceed for 10 minutes.

The PRESIDING OFFICER. The Senator has consumed 7½ minutes. The Senator's request is to speak for a total of how long?

Mr. REID. I would like to speak for 10 minutes starting now, since my friends have used part of my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

GROWING USE OF VIOLENCE TO SHOW DISAGREEMENT WITH THE GOVERNMENT

Mr. REID. Mr. President, like most everyone here who serves in the U.S. Senate, I have a home in my home State, Nevada, and a home here. I announce that because my wife, recently one night, presented to me something she received in the mail from our home here in Washington, and I want to refer to it.

In March 1993, I was the first Member of this body to come to the floor and renounce the senseless killing of Dr. David Gunn as he left his job at a health clinic in Pensacola, FL. I came to the floor again in 1994 and offered a sense-of-the-Senate resolution condemning the specific tactic of soliciting signatures on petitions that express support and justify the use of murderous violence against those who oppose the pro-life position.

I am prompted again today to come to the floor and address this issue after finding in our mailbox this despicable piece of literature. This flier is simply abdicating violence. It abdicates clearly an invasion of a person's privacy, who happens to be a physician who I do not know and do not want to know, as well as the man's family.

It is well known that I advocate a pro-life position, and during my years in the House and Senate have voted accordingly. Because of my affiliation with this position, I also feel it is my responsibility to stand up and condemn tactics such as this flier, which are used by fringe elements of the pro-life movement.

This is a piece of trash. The people who put this in my mailbox violated Federal law. They have no right to put this in my mailbox.

"Guilty of crimes against humanity." I am reading from the document—"The National Socialist Party in Germany made gassing gypsies, Poles and other non-Aryans legal."

They go on to insinuate this man, whose name, work, and home address are on this document—with phone numbers for both is a Nazi. They direct me to call this doctor and his spouse, asking them to "end this slaughter, because they say he has no conscience."

They say, "In reality it is murder." This man, whose name I am not going to disclose, "should be tried for crimes against humanity."

They quote various pieces of scripture from the Old Testament. They go on to say, "He so lacks conscience that slave owners would have used him to apprehend runaways."

"He is the equivalent of a slave trader."

"Don't allow your children to play with his."

"We will haunt him." I am skipping around on this document.

"In the meantime, organize to have his lease canceled," and it goes on and on.

Mr. President, this is wrong. This is wrong.

Two months ago, I came to the floor to express my outrage over the bombing of the family car of a Nevada forest ranger. This car was located 3 feet away from his family who was in their living room. I am concerned about the growing use of violence as a means of showing disagreement with the Government and with other individuals. It is this extremist mentality that is at the foot of devastating acts, such as the assassination of Prime Minister Rabin and, I believe, the Oklahoma bombing and, of course, the shooting of Dr. Gunn.

Extremists advocate violence as an alternative to meaningful debate and meaningful discussions. Individuals who carry out such violence or endorse it believe they are above the law.

As I have stated earlier, I am personally pro-life, but *Roe v. Wade* is the current law in our country, and I, as a citizen of this country, respect the law of the land. In fact, I personally disagree with the judgment rendered by a court, however, I believe in following the law.

This does not mean that those who disagree with the Supreme Court's decision cannot work within the legislative process to change the law. The debate over abortion elicits some of the strongest emotions that people feel.

However passionate and vigorous debates can be, they should be healthy and they should be speeches, comment, and discourse that are civil in nature, not statements like "crimes against humanity," "gassing gypsies," "don't play with their children."

Mr. President, when you arrive at a passionate, vigorous debate, I believe this represents what our democracy is all about, which is a participatory and functioning democracy at work. We have a responsibility to decry the violence and the advocacy of violence as a legitimate means to solve our differences. We cannot acquiesce to the violence through our silence, and I am not going to. It is incumbent upon this body, this Congress, this country to make it unmistakably clear that such tactics are shameful and are to be denounced.

Without quick condemnation of such tactics, as this flier in my mailbox, violence will continue.

I shed tears at the assassination of President Kennedy, at the assassination of Prime Minister Rabin, especially when his granddaughter cried pain of love for her grandfather. We cannot stand by and allow this to happen.

I hope we will all speak out against it and that the people who are spewing forth this filth will stop doing it, because it does not help the cause.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. REID. I yield back my time.

Mr. NUNN addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, I ask unanimous consent that I be given 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

DAYTIME TALK SHOWS

Mr. NUNN. Mr. President, last month, I joined my colleagues, Senator LIEBERMAN and former Secretary William Bennett, who was the former Secretary of Education, at a news conference in which they were shining a spotlight on what I believe is the problem that for too long has been ignored by television executives, corporate advertisers, the news media, as well as the American people. The problem is the content of some of our television programming and the corrosive effect this programming is having on our culture. Nowhere is this cultural erosion or "cultural rot," in the words of Secretary Bennett, more evident than in the content of many of today's daytime talk shows.

The news media are finally beginning to report on these issues, even though many Americans have been voicing their concern for a long time. I know that I have been speaking out on these matters for a number of years, as have a number of my colleagues, and as have Americans from all walks of life and all parts of the country. The media has not been listening until recently, but they are listening now, and I think that is having a real effect.

I would not be speaking out today, or in the past, if I believed television was not important. It is very important.

According to the World Almanac for 1995, Americans watch approximately 16½ hours of television per week; teenagers watch about 12 hours per week. I think the number is higher than that, but that is what this says. Our children watch approximately 13 hours per week. For adults, this amounts to two full 8-hour working days of television viewing per week. For children and teenagers, this amounts to 2 extra days of "television school." For children, this is far more time than they devote to homework. The second most widely circulated magazine in America is TV Guide, a magazine about television. Billions and billions of dollars are spent on television advertising. We all know that market forces would not pour that kind of money into television if it did not have a powerful impact on the people watching it. All of these statistics point to the fact that television has a powerful and profound affect on all of our lives.

Given the tremendous impact of television on American culture, the content of our television programming is important. To illustrate this point, I refer my colleagues to the June 1992 edition of the Journal of the American Medical Association, which reported on a study that concluded there was a direct relationship between the level of violence on television and the growth of violent crime in our society. The

study—headed up by Dr. Brandon Centerwall, a Seattle, WA, psychiatrist—concludes: "The epidemiological evidence indicates that if, hypothetically, television technology had never been developed, there would today be 10,000 fewer homicides each year in the United States, 70,000 fewer rapes, and 700,000 fewer injurious assaults."

Neither I, nor Senator LIEBERMAN, nor former Secretary Bennett is talking about turning back our technological clock by 50 years. There are many good programs on television. There is much education on television in a positive sense. However, violent television programming is not a necessary part of television technology, and the logical conclusion from Dr. Centerwall's study, and numerous other such studies along this line, is that a reduction in the level of violence in television programming will, over the long term, lead to a reduction in violence in our society.

Nowhere is the content of television more depraved and more sensational, nowhere does television unapologetically appeal to people's most prurient interests and worst instincts than on daytime talk shows. These are shows that do not even pretend to excuse themselves under a disclaimer that they present fantasy or fiction. They pump up their ratings by portraying their contents as "real life." As a consequence, they demean and exploit real people. By implication, they tell their audiences that men, women, and children who have serious problems in life are an object of freak-show fascination. I doubt that many of the producers or sponsors of these shows will tell you that they are proud of what they do. If you asked them why they do it, in private, and if they were honest, I imagine they would confess they do it purely for money.

During the Lieberman-Bennett press conference last month, which I joined, some clips from these shows were shown to illustrate our point that much of this programming has gone far beyond the pale, and that we as citizens, as leaders, and as consumers should let television executives know and should let companies who advertise know that we believe it is unacceptable for those shows to continue to cultivate the seeds of cultural and moral decline in our Nation.

In subsequent responses to these comments we made at the news conference, and in an effort to defend this medium, some defenders of daytime talk shows suggested that we were out of line by speaking out against the content of these shows. They even raised the question of the first amendment. Some suggested that daytime talk shows were the victims of broad generalizations, perhaps suggesting that we found a few sensationalized, anomalous episodes and were holding those up as the standard daytime talk show fare.

To follow up on this issue, one member of my staff voluntarily conducted an unscientific survey of the topics of daytime talk shows. Every hour or so, he would scan the television on his desk and see what the day's topics were for the daytime talk shows. The results added to the concern that I already had.

The first day, one show was called, "Stop Pretending To Be a Girl" and featured young boys whose parents were upset that their sons dressed and acted like a girl. Another show offered a show entitled "Boys Who Only Have Sex With Virgins." Yet another show featured a girl dumping her boyfriend on national television and asking her new "significant other," another girl, to commit to her.

Mr. President, I thought that surely the next day's shows would pale in comparison to these. I was wrong. Subsequent days' reviews of these shows found titles such as "One-night Stand Reunions." Another show was entitled "I'm Ready To Have Sex With You Now." And another show was called, "I Cheat and I'm Proud of It." One show featured a woman who chose to tell her fiancé on national television that she cheated on him with her sister's boyfriend and that she lied to him about a miscarriage which was actually an abortion. Another show reunited pornographic stars, strippers, and transvestites with their past lovers. Perhaps the most appropriately titled show of all was the one entitled "You Look Like a Freak."

Quoting again from Dr. Centerwall, babies "are born with an instinctive capacity and desire to imitate adult human behavior." Continuing the quote, "It is a most useful instinct, for the developing child must learn and master a vast repertoire of behavior in short order." The problem is that children do not possess an instinct for gauging a priori whether a behavior ought to be imitated.

Therein, Mr. President, lies the problem. We should not hesitate to speak out against things we feel are harmful to our children and to our society. The people that produce television and radio and newspapers have a first amendment right; no doubt about that. We all hold it sacred. But we also have a constitutional guarantee of free speech as citizens. We do not have to be Senators to have that right. Citizens have that right in America. While our guarantee under the first amendment allows programs such as these to exist, it also allows them to be criticized. Further, it allows us to encourage the corporations and businesses whose advertising dollars make these broadcasts possible to rethink their sponsorship. That is what I have been doing for at least the last 5 years. If they do not rethink their sponsorship of these programs, the first amendment and our marketplace allows us, as consumers, to no longer support the products of the corporations that fund programs

that we find offensive. That is our right as citizens.

I believe that corporate executives need to pay attention to what their dollars are sponsoring, and I believe they need to rethink whether or not they want their firms associated with many of these shows. Indeed, the point is not whether such shows can be shown on television. They can be. We know that. The question is whether such shows should be on television. For too long, this second question has been ignored.

It appears that this question may finally be getting the attention it deserves. In recent days, the Wall Street Journal, the Washington Times, and NBC News have reported that companies, including Procter & Gamble, the Nation's largest television advertiser, are withdrawing their advertising support from some daytime talk shows because they do not meet company standards of quality and decency.

Mr. President, this is precisely the kind of corporate effort that can have a significant impact on the content of television programming. All of this is run by money, and if the money starts shifting, believe me, there will be a response. I applaud Procter & Gamble officials, and those in other companies, who are beginning to realize—too slowly in my view, but finally—that they have an obligation beyond getting rating points. They have a responsibility as citizens for the kind of America we live in and how we raise our children.

As a final note, the heavy sexual content in soap operas, the excessive gratuitous violence, profanity, and sex in prime time shows and, most importantly, the lack of parental supervision should not escape this debate over television. We all have our responsibilities. These are aspects of television that are just as important as the content of the daytime talk shows.

Mr. President, I have spoken out before against these negative aspects and I will have more to say in the months ahead.

Mr. CHAFEE. Mr. President, we are in morning business now and we can for a specific length of time, is that the way we are proceeding?

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

THE BALANCED BUDGET

Mr. CHAFEE. I thank the Chair. I want to return to the balanced budget amendment discussions that we have had here previously. I listened to some of the discourse that took place here. I thought there was a lot of common sense here on the floor.

The Senator from Georgia spoke, the Senator from Nevada, the two Senators from Nebraska and others. I thought what was said here gives us ground for arriving at a very reasonable compromise in the days ahead.

Clearly, the President will veto the balanced budget amendment. We all accept that. The question is, where do we

go from here? Mr. President, I want to continue on the discussion that took place here previously.

First of all, it seems to me to ask for the balanced budget in 7 years is a reasonable request. I think the Republicans and indeed all of us have a sound basis for saying, "Look, 7 years is not too early to balance this budget." So, I think it is quite proper for the Republicans to hang firm on that particular position. I heard the Senator from Georgia say that 7 years is reasonable.

What about the other side? I heard discussion on the tax cut. I think it is perfectly reasonable for others to say we have to back off that tax cut. Now, should we back off to zero tax cut? Perhaps that is going too far. Perhaps we could settle on something in the neighborhood of what the President himself has discussed. As I recall, that was something in the area of \$107 billion, if I am not mistaken.

I am not in favor of the tax cut, period, never have been. Nonetheless, there are those, particularly in the other body, who feel very, very strongly about having a tax cut. So, perhaps a suitable compromise would be to back off to the area of the vicinity where the President himself discussed a tax cut.

What about some of the other areas? I certainly hope that those who have discussed Medicare here will recognize that the 31.5 percent premium that we are now requiring for part B is a fair requirement, and it seems to me those who are talking about going down to 25 percent must recognize that that has to be picked up by the general treasury. That is where the money comes from.

All of us have to use some common sense and reasonableness here, but I have great difficulty understanding those who would want to take the premium, in effect, have it dropped—have those who are receiving the benefits of Medicare, an entitlement that goes right across the board to everybody, rich or poor—to say that they are going to pay less for their part B premium. So I hope that we would agree on the 31.5 percent.

Now, I have not heard a dissenting voice that we should not go to the affluence testing. We can argue about that—whether it should be \$50,000 for the individual and \$100,000 for the married couple and phasing out—we can argue over that. Clearly, going to affluence testing makes a lot of sense.

Now, the CPI. I hope we will do the recomputation of the CPI. That is perfectly fair. If we are paying too much, we ought to recognize it.

Another area that I think the Republicans should give ground on is on the Medicaid and the reductions that are provided in that—reductions from rate of growth, yes; but I have grave concerns over whether in the Medicaid we are keeping a suitable safety net for those lower income individuals in our society.

Yes, we are protecting children up through the age of 12 at 100 percent of

poverty or less. But is that enough? As you know, now it goes up every year so that we cover those at the age of 13, 14, and so forth up to the age of 18 by the year 2002.

I, personally, would hope we would go higher than the current category, which as I said is up to the age of 13 at 100 percent of poverty or less.

Mr. President, I think we have the ground here, from the discussions I have heard on the floor, for arriving at a reasonable compromise. To get any compromise, people have got to go in with a certain amount of flexibility.

If the Republicans say "Not a nickel reduction in the tax cut that we have provided," or if the Democrats say "Nothing doing on the year 2002; nothing doing there," if each of us get dug in, we will not get anywhere.

I think we have the basis here for a reasonable compromise. I hope the administration and the negotiators from the House and the Senate would pay attention to the suggestions made here on the floor today.

Mr. KERRY. Will the Senator yield?

Mr. CHAFEE. I am happy to yield to the Senator.

Mr. KERRY. I am delighted to hear our friend on the other side of the aisle talk common sense, which seems to have been lacking here in much of the dialog over the last days. Many of us over here feel very strongly that the issue of a tax cut in the face of this deficit is a morality question, but I think the Senator from Rhode Island has appropriately suggested, we all need some flexibility.

I ask the Senator, then, does he not think, if there ought to be some tax cut, if that is part of the gospel here, does the Senator not agree that at least that tax cut ought to be targeted toward those Americans who can most benefit from it and also most need it?

Mr. CHAFEE. There is no question that that is right.

I must say as we start on this, if I could use a word of caution, I hope that we would avoid the word "morality" here, that one side is moral and the other side is immoral. I do not want to pursue this too far, but I think all of us have to watch our rhetoric—me, us on this side, all of us in this Chamber—if we are going to arrive at a satisfactory resolution of these very difficult problems.

The answer to the question, have a tax cut to help those who most need it—sure. Of course, we recognize those who most need it are not paying much of a tax to start with, so how much a reduction would be of assistance to those individuals, I do not know.

I think we also have to recognize—as I said before, I am not for the tax cut. But there are those who feel very, very deeply about it, particularly in the other body. That does not mean that we cannot back off from the size of the tax cut that was proposed.

If the Senator from Massachusetts has some suggestions on how we could reduce the tax cut and make it directed

more toward the group he was suggesting. I think that sounds sensible to me.

Mr. KERRY. Mr. President, I believe there was an effort on the floor to try to suggest that the tax cut ought to go to people—and I understand the Senator is absolutely correct, if you are talking about the folks under \$30,000 with the earned-income tax credit, you are obviously talking about a group of people who also need an additional amount of money that comes in the form of a check at the lower end of that scale in order to make it meaningful.

That is not what we are talking about. There was a suggestion on the floor of the Senate that the tax cut ought to be limited to those people earning \$100,000 or less, and that can certainly be framed in a combination of payroll credit-family credit or any combination thereof, but at least in terms of keeping faith with the notion of fairness there is a clear juxtaposition, is there not, between those earning \$100,000 or less, a broad-based capital gains tax that might go to old investments versus new investments?

Or, for instance, an estate tax break that goes to people only with \$600,000 or \$700,000 of estate value. It seems those are difficult fairness issues to try to suggest to the American people that we are approaching this seriously.

Mr. CHAFEE. I agree with the Senator from Massachusetts that we want to look at these. We want to be careful we are not giving tax breaks to the very wealthy when we are trying to balance this budget.

One of the suggestions that has come up here as I understand is that we really concentrate more on rewarding those who save. How can we do it? Should the interest on savings accounts be tax-exempt? Or reinstate the IRA's for those who previously have been eclipsed because they had pension plans of some kind?

All of those I think are fruitful ideas. All I am saying is, I think we have the basis here for a resolution to this problem. Again, it will require all of us to back off from entrenched positions.

I hope that the Democrats would agree to the 7-year time schedule. I think that is a reasonable request. If we cannot do this by the year 2002, then we have real problems in this country.

We have no war. We are in peacetime. The country is relatively prosperous. Clearly, we ought to be able to pay our bills and have outgo match income in the year 2002.

Mr. KERRY. Will the Senator yield?

The PRESIDING OFFICER. The Chair will advise the Senator from Rhode Island his time has expired.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

BOSNIA

Mr. GLENN. Mr. President, earlier today Bosnia was discussed on the floor

here. I wish to make a few remarks in that regard in the time allotted in morning business, because I think there is a great deal that is misunderstood about the peace process and our involvement in it and what our relationship is to the talks going on in Dayton.

When we talk about the House, they had a lot of discussion in the House, and, of course, they had their vote over there, against any involvement in this or against going in militarily. But what has to be agreed to before we even get involved in any way, what has to be agreed to, is a complete peace agreement. It has to be agreed to, and not only agreed to but the firing has to have stopped before we move in.

There are those who, apparently, assume we are going to have to fight our way in to establish peace and establish a peace as Tito did during the only period in modern history where there has been peace in Yugoslavia. That was a militarily imposed peace on the whole country.

That is not the kind of peace we are talking about. There have to be two conditions met. First, there has to be an agreement. It has to be airtight. It has to be extremely detailed. It has to define exactly what the borders are. It has to define exactly which town is in what sector and what they have agreed to and signed up and said will be the new formation of those cities, those newly emerging countries in that area. So that agreement they are trying to work out in Dayton right now has to be in that fine a detail. It cannot be just a peace agreement that says we will move in and we hope we can establish peace. "Yes, United States and NATO, you come and we know this will all work out." It is not that kind of agreement they are working toward. If I thought it was that kind of agreement, I would not be supporting this process whatsoever.

What they are talking about is a very, very detailed agreement—specific borders. Will this orchard be on this side? Whose territory will it be in? Will the next farm be in somebody else's territory? Will the road junction be in whose territory? That is the kind of detail they are trying to work out on huge maps out there in Dayton. I would say, it will be uphill at best that there will be any agreement coming out of that. I am still of the opinion that it is probably 60-40 against our ever being involved over there, because I doubt the parties will be able to come to that kind of definitive outline on a map as to who has what in their territory. It has to be that way or we should not get involved.

Second, the firing has to have stopped. The firing has to have ceased. Obviously, the next question is, then, if they have that kind of commitment to peace, which they say they have, and that is the reason they are in Dayton talking, and they have come to a definitive peace agreement and firing has

stopped, why does anybody need to go in?

We were over there recently, just 1 month ago this weekend. Four weeks ago this weekend I was part of the Senator STEVENS' Codel over there. We were briefed by our military leadership and by our people and U.N. people in Zagreb and Croatia. We flew into Sarajevo for a period of time, along with 21,000 pounds of peas on a C-130, and out again. We spent about half a day, which does not make us experts in that area, but it was interesting to see it, anyway. Then we came back through Brussels and talked to our Ambassadors there.

But, when we were there, what we were so impressed with was there is a desire for peace. That is what has started this whole thing. The parties themselves say they are tired of war. The parties themselves say they want peace but are unable to get it. If we have the agreement and we have the cease-fire, why do we need to go? Here are the facts we were told while we were over there.

It is estimated that about 20 to 50 percent of the people involved in the fighting there are what they call the irregulars. They are not people who are part of a regular, organized military militia that accepts commands from above or from Belgrade or anywhere else. They are people who are the irregulars. They are the farmers who are out cutting hay one day. They go up to the lines, up to the next village where there is a battle going on, they take a rifle from someone, they are in the lines for 3 or 4 days while someone else goes back to cut their hay. They are the people who, in the 30-some cease-fires that there have been over there so far, they are the ones who have violated the cease-fire because they basically do not take orders from anyone in particular. So the firing starts again, it spreads, and we have had 30-some cease-fires that have not worked. The fighting starts again.

What is contemplated, and what our role would be over there—if we go in, if there is the airtight agreement, if the firing has stopped—then there would be zones set up between the parties along these borders, well-defined borders, where there would be 2- to 4-kilometer width areas in this that would be patrolled or would be monitored by the NATO forces, of which we would be about one-third of the total NATO force. I do not see that as being bad in that situation.

Now, if there is firing by these irregulars or anyone else, we would put it down immediately. We would hope, because of the massive show of force we are putting in there, there would be no firing. If there is, it would be put down and put down immediately. It would be by NATO rules of engagement, not the U.N. rules of engagement. They are more of a debating society than anything else. But NATO rules of engagement say if you are fired on, you can obliterate that source. I asked General

Joulwan, would we be permitted to take out anybody who fired on any of the NATO forces? Absolutely.

That is key to the whole thing. Will there be any risk? I suppose there is. We have already had three people killed over there when we had Frasure, Kruzell, and Drew, who were in a vehicle that slid off the road and they were killed in the wreck. That is tragic. Our hearts go out to their families on this. I knew one of the gentlemen, Mr. Kruzell, in particular. It is a terrible thing that anybody is killed in a situation like this.

But will there be any danger of accidents like that, or maybe somebody getting killed? There might be. But I would also point out we do not withdraw the Peace Corps from overseas, and the Peace Corps in its history has had 224 people who have died overseas. I was surprised it was that high a number. I would have thought it would have been a very, very few, but the Peace Corps lost 224 people so far, to this date, since its inception.

Like the old saying in aviation, "How do you have complete, 100 percent aviation safety? You keep all the airplanes in the hangar. You do not risk them." Yet we know how much good we have done around the world by being involved to some extent. We have a Christian-Judeo heritage of helping people, alleviating suffering around the world. We supply food, we send out AID programs. Of course, we cannot solve all the world's problems, either with peaceful organizations or with the military. But I think an American leadership in the world has been such a force for good, I would hate to see us go back to trying to be an isolationist America.

I repeat once again, we have to have an agreement, airtight. The firing has to have stopped. Then we go in with minimal risk, with our NATO allies, to try to keep that peace that has been eluding them so far, basically because of the irregulars who do not honor these cease-fires.

Our leadership is important. We restored democracy in Haiti. In the process of doing that, of leading, we have been involved in bringing peace to the Middle East, working on it in Northern Ireland, we see Russian nuclear weapons are no longer aimed at our people. We secured the indefinite extension of a Nuclear Nonproliferation Treaty, which was a big step forward. We achieved real progress toward a Comprehensive Nuclear Test Ban Treaty. We reached an agreement with North Korea to end its nuclear weapons program. These are products of American leadership, and that is just a little, partial list. We have seen democracies growing in South America because of our involvement there.

I think the risk over there, in that Bosnian area, if it is done pursuant to a well-thought-out agreement and a cease-fire, and we go in with a preponderance of force that people understand is going to be used if they break the

peace and if they fire—to me is well worth the risk.

Much has been made out of the fact that we want to provide leadership for NATO. I agree with that. I think our membership in NATO is very important. But that is not just the reason why we go in. That is pointed to, sometimes, as the reason we go in, in effect saying, "There go our NATO people. We better rush out and lead them, because we are the biggest factor in NATO."

I will not agree with that. NATO has to be right. Let us judge this on whether it is right to go in, or wrong to go in, and try to get peace in that area where peace has not taken root for so long, and where some of the actions that have happened there in the past have literally been the sparks that set off two world wars. So, if we can bring peace to that area, to me it is well worth the risk.

NATO leadership, I think, is, important, and NATO has been looked at by too many Americans, I believe, as just some sort of a remnant of the cold war, and let us forget it and move out of NATO. Is it still important? I do believe NATO is important. It is important. NATO leadership is what is moving us into the organization for security and cooperation in Europe working with the European Union. We have a Partnership for Peace, which is in its fledgling days but becoming more and more important. The North Atlantic Cooperation Council was formed in 1991. That is moving ahead, and really is a good force for peace in that part of the world. We are the biggest factor in NATO. I think it is important that we retain that. But I do not see our leadership of NATO as just being the only reason we should move into that particular area.

I know my time is up. Do not forget for 1 minute that we have to have an airtight agreement. We have to have a cease-fire, and on that basis we move in to try to give peace a chance in that very, very tough area of the world.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from North Dakota.

Mr. DORGAN. Mr. President, it is my understanding that we are in morning business under a 10-minute rule.

The PRESIDING OFFICER. The Senator is correct.

Mr. DORGAN. Mr. President I wanted to respond to the Senator from Rhode Island and some others today. I found his remarks to be particularly interesting and helpful, and, as is often the case, I find myself agreeing with a fair amount of what he says. He is sensible, and moderate, which is probably difficult for many these days. I saw a cartoon recently in which someone was pointing at someone else and saying "There is no room for moderates here." The fact is that there is a lot of room for moderates. There are moderates in

both political parties who generally do not view things from the extremes and who want to solve problems. I hope we will find a way, using some common sense, to engage in an attempt to find solutions to some of the vexing problems we have in this country.

The Senator from Georgia was on the floor talking about trash television a few moments ago. My sense is that people in this country are concerned about two principal areas, and he hit on one of those. One is economic security. The fact is that many Americans are having more trouble finding a job, and many others are finding that their wages are declining. Sixty percent of American families are working harder for less money and are losing income. This means less economic security. I think people are very concerned about that.

They are also concerned about the diminution of values—the lowering of standards in this country. And part of that relates to trash television and violence on television. We can do something about some of these things, but not all of them. We must address some of the issues in the home and in the community. But some of these problems represent public policy areas as well.

In the area of economic security, one of the things that is often discussed—and one that I agree with—is that we have to put our fiscal house in order at some point. We cannot continue to run enormous debts year after year. We cannot spend money we do not have forever.

I would not have a problem if next year we spent \$400 billion we did not have—and therefore incur a deficit next year of \$400 billion—if with that \$400 billion we cured cancer just like that. I would say that was a pretty good investment. You amortize that over the next 40, 50, 70 years, and it would be worth paying off the \$400 billion deficit incurred to cure cancer.

But that is not what these deficits are about. These are systemic deficits in the operating budgets of this country. You cannot continue that. You must address it.

That is why I said last evening that I commend the majority party for a reconciliation bill that contains some things that are good. It contains some awful things as well, and I think some bad priorities. I am glad the President is going to veto it. I do not support it. But it has a good number of things that make a lot of sense. There are a good number of things in that reconciliation bill that both sides would agree to. But there are some major elements of the reconciliation bill that must be changed because, as we address the deficit in this country—and ultimately we must do it together—we must find a compromise. We should not ask the portion of the American people who have the least to bear the biggest burden of all the spending cuts, and then turn to the small portion of those who

have the most and give them the largest share of the tax cuts. We have to try to fix some of those things.

With respect to where we are today, the shutdown ought to end. The reconciliation bill is passed. The President is going to veto it. Negotiations, in my judgment, ought to begin immediately to try to find a solution to the impasse and a solution to the reconciliation bill. The question ought not be whether we have a reconciliation bill. The question is not whether we address the budget deficit and lead to a balanced budget. The question is, how do we do that? Not whether, but how?

There is no good reason, in my judgment, to have a continued government shutdown. There is no juice left in that lemon for anybody—not for any political party, and not for any political leader. This shutdown does not make any sense.

I probably contribute to some of the concerns about the language that has been used during the shutdown. I read on the floor statements by the Speaker of the House, who in April said, "We are going to create a titanic standoff and shut down the Government." Those are the facts. However, I am not saying that only one party is at fault here. The fact is that there is lots of room for blame. There has been lots of language uttered in these past few days that has caused a lot of chaos in the political system. But we find ourselves in a circumstance where we have people who say it is either our way or it is no way. If you do not do it our way, we will shut the Government down. The fact is Government works by consent. This is a democracy. For 200 years we have had impasses over wars, over depressions, over dozens and dozens of vexing, troublesome issues. The way those impasses have been solved is that people with good will, with common sense, have come together and said, "Let us reason. Let us find a way to meet the goal, to work out this problem together."

I want to mention a couple of things that were in the reconciliation bill which causes a lot of problems.

Medicare—do we need to reduce the rate of growth in Medicare and Medicaid? Yes, we do. Not just in Medicare and Medicaid but in the price of health care generally for families, for businesses, for governments. The price of health care, the escalation of health care costs year after year somehow has to be addressed. But no one can any longer believe that what is in this reconciliation bill will address the price escalation in Medicare by saying to senior citizens you will have the same quality health care and you will not pay more for it. Everyone understands this approach means senior citizens will get less and pay more.

The tax cut—many of us feel very strongly that the facts show every dollar of this tax cut will be borrowed. I would love to have somebody come and explain why that is not true. Regrettably, it is true. Every dollar of the

proposed \$245 billion tax cut will be borrowed and will add to the national debt, which adds to the burden of those children we have been talking about.

On the car radio on the way in this morning, I heard a woman who had called the radio to talk about the shutdown. She said both of her parents, regrettably, have to go to a nursing home, one because of Alzheimer's and one who had a stroke. They have been there 5 years and started out with an asset base of \$400,000 to \$600,000. Now much of that is gone. She called and said, "My worry is for when their assets are gone—and I believe that their assets should be used to pay for their care—my parents will not have an entitlement to Medicaid." When their assets are gone, under this new proposal, they will not have guaranteed coverage under Medicaid. That will be up to the States. Maybe the States will decide that nursing home care is an entitlement for her parents. Maybe not. She was worried about that.

That is a significant change. That was in this budget reconciliation bill. I mentioned last evening the differences in spending priorities that have been talked about and for which the CR was fought over this weekend—cuts of 40 percent out of a little program called Star Schools; only \$25 million is spent on Star Schools and that will be cut by 40 percent. The bill the Senate passed the other day, which I voted against, doubles the amount of money spent on star wars despite the fact that is was not requested by the Pentagon.

I think these priorities are wrong. I do not say that in a pejorative way. I say that in my judgment we can do a lot better for this country than those priorities.

I mentioned yesterday that in this thick reconciliation plan, there are two little things buried—among dozens and dozens—that I bet nobody in the Chamber knew about. One is a provision to repeal the alternative minimum tax provisions we put in place in 1986. That little thing that nobody knows about means that 2,000 corporations will receive \$7 million each in tax cuts.

Let me say that again: 2,000 corporations will receive a tax cut of \$7 million each.

Another little provision is labeled 956(A). I bet no one in the Chamber knows what it is. Well, it deals with the repeal of the circumstance of deferral with respect to income that is deferred for tax purposes by foreign subsidiaries of American corporations. They have the money over there. Now, we have certain passive rules that say you have to repatriate the money you pay taxes on. This little nugget in here says we are going to spend hundreds of millions of dollars to tell those companies that have moved jobs overseas, moved jobs out of this country: By the way, we are going to reward you even more for it.

Those things do not make any sense. We ought not vote for a bill that includes things like that.

I bet there is no one in the Senate who knew that provision was in that plan. I am talking about a couple little provisions—there are dozens and dozens and dozens of those little nuggets—that say to big interests, special interests: Guess what? It is time to smile. We are offering up to you an enormous reward at a time when we say to kids, we do not have room for you in the Head Start Program; at a time when we say to kids benefiting from the Star Schools Program that we are sorry, you are going to have to cut back.

My point is that this debate is about priorities and choices. All of us, it seems to me, in the coming days can do better. And I stand here as one who says let us balance the budget. Let us do it the right way. Let us all engage in debate about choices and agree. Seven years is just fine with me. In fact, we could do it within 5 if the Federal Reserve Board will take the boot off the neck of Americans and allow us a little economic growth. But let us discuss it together—the Senator from Rhode Island is absolutely right—use some common sense and do the right thing for this country.

Mr. President, I thank you for your indulgence. I yield the floor.

BUDGET PRIORITIES

Mr. KERRY. Mr. President, I would like to pick up, if I may, where the Senator from North Dakota leaves off.

He talked about the dozens and dozens of nuggets that are in this bill. I know my colleague from Massachusetts is going to talk about some of those specific items. I would like to speak for a moment, if I may, about the word that the Senator from North Dakota kept using about priorities.

I wish to emphasize, as I think every Democrat wants to emphasize, this debate is not about whether to balance the budget. We keep hearing Republican friends come to the floor, and they keep saying we have to do this because this is the only way to balance the budget. If we do not do this, the Democrats will not balance the budget. They do not want to balance the budget.

Mr. President, this is not the only way to balance the budget. That is what this fight is about. And, indeed, the majority of Democrats have voted to balance the budget, balance it in 7 years—balance the budget. We voted for a 9-year balancing of the budget. The balancing of the budget is not what is at issue before America today. What is at issue is what choices will we make as we balance it.

Now, it is uncontested—every analysis of our economy shows—that those Americans we keep talking about, the Americans who work every day the hardest, the people who go and punch in a clock or the people who are the nitty-gritty of the production of goods in this country, are working harder, and they are making less money for their effort. They have less ability to

purchase, less ability to buy the new car, less ability to send their kid to get a decent education. Those are the people we ought to be fighting for. That is the majority of Americans. But the majority of Americans do not make out in this bill that was passed as well as people at the upper end of our scale.

That is just not fair. I am at the upper end of the scale. Most of us in the Senate are at the upper end of the scale. The minute you get a U.S. Senator's salary, unsupplemented by anything else, you are up to the top tiny digits of wage earners in America. The truth is that we do better in this bill than the average American, and that is disgraceful. That is not what we were sent here to do. We ought to be able to go home and look people in the eye and say, "You are going to do as well or better." We cannot do that.

I know all the arguments are made, well, this is going to help people in the long term because it is going to reduce their income taxes, ultimately it is going to lower the interest rates.

I agree that it can do all that. Balancing the budget can do all that. But I do not know any American—nobody in Massachusetts has come up to me and said, "Senator, I want to live next to a Superfund site. I want to live next to a toxic waste site." But for some reason, in this budget the money to clean up those sites is reduced.

I do not know anybody who has come to me in any community in Massachusetts and said, "I don't think that people who have a drug addiction shouldn't get treatment." In fact, for all the rhetoric in the Senate about crime, 70 percent of the people in jail today are there on a drug-related offense or they are on drugs. If you want to deal with drugs in America, you are going to have to have drug treatment. And yet this budget cuts drug treatment.

This budget cuts safe schools and drug-free schools money. I do not understand that. I do not understand how you make those cuts and turn around and give somebody with a \$5 million asset base over \$1 million worth of tax break.

I used the word "moral" earlier. I do not want to offend anybody. It is not only my word. I have heard people like Pete Peterson, whom I respect enormously, former Commerce Secretary, Paul Tsongas, Warren Rudman of the Concord Coalition, they use that word, because if you have a \$245 billion tax break, which you have, you are effectively borrowing \$300 billion of money from future taxpayers and shifting it to current taxpayers.

That is the very thing that supposedly this budget is geared to address. The whole purpose of balancing the budget today is to stop borrowing, and yet we are going to borrow in order to give this tax break to the people who least need it.

This is a question of priorities. How do you explain to people in a nursing home, who are senior, that they are

now going to have to become destitute and live under a whole new set of standards because in order to allow the nursing homes to meet the expectations of being able to reduce the cost, we are not going to do it in a sort of sensible, humane way; we are going to do it by changing the standards in nursing homes so that the people who own the nursing homes do not have to live up to the same standard of the provision of care so they can reduce the cost.

This is about priorities. It is about what do we care about.

One of the most egregious things that happens in America, has happened in the last 13 years, is that those people at the bottom end of the income scale, the bottom 20 percent saw their income go down over the last 13 years 17 percent. The next 20 percent of Americans saw their income go down 4 percent. The middle two percentiles of Americans stayed about the same. And the top quintile of Americans went up 105 percent in income.

In a country that is increasingly competing against a world marketplace where information is power, where skill comes through your education level, where the kind of job you can have and the kind of income you can earn comes through your access to education, to be making it harder for Americans to get that education is simply inexplicable.

But that is what this bill does. It is going to make about 1,200 of our educational institutions drop out of direct lending. About 1.8 million students are going to be dropped off of student loans. And many of us have been visited—the senior Senator from Massachusetts and I have been visited by our University of Massachusetts folks, who tell us that they are literally going to have kids drop out of school as a consequence of the increase in student loan costs because it is that marginal for them, their ability to be able to go to school in the first place.

So, Mr. President, I share the feeling of the Senator from Rhode Island. There is a middle ground here. I absolutely agree with him. We must reduce the rate of growth in entitlements. We cannot have it both ways. And we cannot talk out of both sides of our mouth. I voted for a bill that reduced Medicare and reduced Medicaid, but not three times what the trustees tell us we need.

I hope that my friend from Rhode Island and others on the Republican side would agree, look, there are 100 Senators here, you cannot come to the floor of the Senate and have 20 people decide, or 30 people, that it is just going to be their way. We have to have some compromise. We are prepared on our side, I know, to compromise on things that we do not necessarily agree with completely in the hopes that we will not wind up with such a lopsided, unfair, and, frankly, unwise approach to the problems of this country.

We need to raise the income of Americans. And we are going to have to train them and educate them to do that. I know there is nobody on the other side of the aisle more committed to doing that than the Senator from Rhode Island. I must say to my friend from Rhode Island, I would love to do it in 7 years. I am prepared to commit to 7 years, if we can find a reasonable agreement on what you base your numbers on. But if somebody comes to me and says, Senator, we could balance this budget in 8½ years or 8 years, we can balance it fairly, and we can also provide drug treatment to 50 percent more drug addicts and we can also send 2.5 million more kids to college, I will go for that. And I think a lot of people here would go for that.

I will tell you something. Most Americans would go for that. Americans want truth and common sense. They are tired of rigid intuition-ordained 7-year goals. They want this place to legislate on the basis of honesty and common sense. And my prayer is that in the next few hours we will get the Government of this country back to work and we will sit down like adults and come to an agreement about what the best interests of this Nation are.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

ORDER FOR RECESS UNTIL 4 P.M.

Mr. GORTON. Mr. President, I ask unanimous consent that following the conclusion of the remarks of the Senator from Rhode Island [Mr. CHAFEE], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Minnesota [Mr. GRAMS], the Senate stand in recess until 4 p.m., today.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I listened carefully to the remarks of the Senator from Massachusetts and appreciate the thoughtfulness of his approach to this situation. It seems to me that while each side has to exercise some common sense in all of this, I really do think that there is an underlying thrust that we must not forget, and that is, that we feel very strongly on this side of the aisle that we have to reach a zero deficit situation.

We believe in the year 2002. And it seems to me, as I have stated before, that is a reasonable goal. And I have heard the Democratic senior Senator from Georgia say that is a reasonable goal. And I think we all ought to agree that the year 2002 is something that is attainable and that it is fair, that we all concur in that.

Now, on the other side of the aisle they feel strongly that there should not be a tax cut at all, or if there is going to be a tax cut, it should be of a far lower nature than we have proposed on this side. To me, that is fair for

them to make that request. And I think we have to back off on this side on the size of the tax cut that we are seeking.

But I would hope this, Mr. President—I know there are going to be other speakers, and I know the senior Senator from Massachusetts has some charts prepared, and we are ready for all the evils, to hear about all the evils of the deficit reduction bill that we passed last evening. All right. We are used to that. But I would hope that whoever speaks on this floor will say how he or she is going to reach a zero deficit. It is all right to criticize what we have done. And I suppose you can come up with 35 items of how what we passed last evening was not correct. All right. That is fair game. But in return, I would hope that the critics come up with how they would do it, and in what year, and how and where the savings are going to come from.

Is it going to be a CPI adjustment, or is it going to be keeping the Medicare part B premium at 31.5 percent, or is it going to be a reduction in that, all of which costs money, if you change? How is that individual or those individuals proposing that we reach this zero deficit? I think that is a fair requirement for us to impose on the critics of the plan that we passed last evening.

I thank the Chair.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

BUDGET PRIORITIES

Mr. KENNEDY. I am very hopeful that we can reach a satisfactory compromise today on the legislation needed to end this indefensible shutdown of the Federal Government and move on to the real debate over what this controversy is all about.

We all agree on the need to balance the Federal budget. The fundamental issue is not whether or when to balance it, but how to balance it fairly.

President Clinton is right to take a strong stand against the Republican plan. That plan is based on the same old Republican trickle-down ideology of plums for the rich and crumbs for everyone else. The Republican plan is filled to overflowing with tax breaks for the wealthy and give-aways to powerful special interest groups. And to pay for all those give-aways, the Republican plan imposes heavy burdens on senior citizens, students, the needy, the environment, and working families struggling to make ends meet.

The American people did not vote for priorities like that in 1994, and they are not going to vote for priorities like that in 1996.

You cannot judge the Republican book by its title. They call it the Balanced Budget Act of 1995. That soothing title is a fraud. The Republican budget is a scorched-earth scheme that imposes unprecedented sacrifices on senior citizens, students, children, and working families in order to pay for

lavish tax breaks for the wealthiest individuals and corporations in America. It is a program to bash Medicare, slash education, and trash the environment, and it eminently deserves the veto it is about to get.

The Republican budget raids private pension funds, and slams the door of colleges and universities on the sons and daughters of working families. It dumps over a million more children into poverty in the misguided Republican version of welfare reform.

It even raises taxes—yes, raises taxes—on those who can least afford it—the lowest income working Americans.

I hope all those Florida Republicans who are voting in their straw poll today will ask why Senator DOLE and Senator GRAMM want to raise taxes on working Americans. How very Republican—tax breaks for the wealthiest families, and tax increases for working families.

And for the wealthiest families of all, the Republicans leave no stone unturned. All year, Democrats have tried to close the most notorious tax loophole of all—the billionaire's tax loophole. That loophole lets wealthy Americans renounce their American citizenship and evade their fair share of taxes on the massive wealth they have accumulated in America.

It is difficult to imagine a more obscene or less justified loophole. Every time we have challenged it in the Senate, the Senate has voted almost unanimously to close it tight—no ifs, ands, or buts.

But once again, behind closed doors, the Republicans have quietly saved it. The billionaire's tax loophole is alive and well in this Republican bill. Shame on the Republicans for catering to billionaires and clobbering senior citizens on Medicare.

The Republican attack on Medicare is unprincipled and unconscionable. Nothing in their budget better illustrates the harsh and extreme approach the Republicans are taking to the needs of the elderly. Every senior citizen in Florida voting in the straw poll today should vote for "None of the Above" if they care about Medicare.

Under the Republican budget, Medicare is cut \$270 billion over 7 years, three times the amount necessary to protect the Medicare trust fund, in order to finance \$245 billion in new tax breaks for wealthy Americans.

Medicare part B premiums are raised by \$52 billion over the next 7 years, compared to what they would be under current law. Premiums will rise from \$553 this year to \$1,068 by the year 2002. Every senior citizen will pay \$2,240 more than under current law. Elderly couples will pay \$4,480 more.

Senior citizens will be coerced into giving up their own doctor. They will be herded into HMO's or forced to join other private insurance plans. They will lose the current protection that prevents doctors from charging more than Medicare will pay—that change

alone means additional costs to elderly patients of \$5 billion a year.

The Medicare cuts are so deep that they will "jeopardize the ability of hospitals to deliver quality care, not just to those who rely on Medicare and Medicaid, but to all Americans," according to a statement by organizations representing 5,000 hospitals nationwide. Cuts in research and medical education will be devastating to the quality of health care in communities across the Nation.

Medicaid will bear a heavy burden too. It will be cut by \$160 billion over 7 years. By 2002, Medicaid will be cut by a full one-third.

And 4.4 million children will lose coverage; 1.4 million disabled will lose coverage; 920,000 seniors will lose coverage. Guarantees of coverage and services will be eliminated.

Nursing home standards will be weakened, despite a 98 to 1 Senate vote to maintain them. Families will be forced into poverty by high nursing home costs. States will be allowed to recover the cost of nursing care from adult children with incomes in excess of \$36,000 annually. States will be allowed to put liens on the homes of nursing home residents, even if spouses or children are living there, despite a vote by the Senate to eliminate these provisions.

In a shameful giveaway to the pharmaceutical industry, the bipartisan Medicaid drug rebate program is weakened, at a cost to taxpayers and patients of \$1 billion a year, despite a vote by the Senate to preserve this program.

Federal clinical lab standards to ensure the accuracy of medical tests are eliminated.

On education, the Republican budget cuts the Federal investment in education by one third over 7 years. We should be investing more in education, not less. How can every Republican possibly justify an assault like that on education.

Student loans are cut by \$4.9 billion, at a time when student financial need is greater than ever. College costs are rising faster than family income. Grants make up less than one quarter of Federal aid. Student debt is skyrocketing. The average student leaves college owing \$9,000. Many graduate and professional students owe over \$100,000 before they start their first job.

The Republican budget is a triumph of special interests over student interests. It is rigged to funnel over \$100 billion in new business to banks and money-lenders at the expense of colleges and students.

It is hard to find a more vivid or disgraceful example of the prostitution of Republican principles. When profits are at stake, Republicans are more than willing to roll over and sell out free-market competition, and replace it with the heavy hand of a government-guaranteed monopoly.

Under the Republican bill, beginning next year, only 102 colleges will be allowed to participate in direct lending.

1,250 colleges and 1.8 million students already in the program will be forced out of direct lending against their will.

In Massachusetts alone, 32 colleges and universities and almost 100,000 students will be required by law to give up the advantages of direct lending. They will be required to return to the bureaucratic maze of the old guaranteed loan program, where 7,000 lenders and 41 guaranty agencies bury students in redtape. Students at Boston University, MIT Mount Holyoke, Springfield Technical and Community College, and many others, will be forced out of direct lending.

Colleges and universities across the country are outraged at being forced out of one of the most successful reforms in the history of Federal aid to education. And 472 colleges and universities across the country have written urging Congress to reject this arbitrary limit on their ability to choose the loan program that best serves their students.

Over 100 of the colleges that signed the letter are not in direct lending. But they recognize its benefit for their students too. As they put it:

Those of us who represent institutions that are satisfied with the guaranteed student loan program also support the continued availability of the direct loan program to institutions. The competition created by direct lending has induced banks and guarantors to improve the efficiency of their delivery process, and has, for the first time, provided the student loan industry with market-based incentives to provide better service. The guaranteed student loan system has improved more since the phase-in of direct lending two years ago than it did over the more than two decades of existence prior to 1993.

The colleges in direct lending speak first-hand of its benefits for their students—simplified applications, the expedited receipt of funds, the disappearance of the endless lines of students waiting to endorse their checks at registration time, the welcome drop in the number of emergency loans issued to students waiting to hear about their regular loans from their banks, and fewer trips to the financial aid office to clean up redtape.

As these colleges write:

Direct lending has eliminated redundant paperwork, reduced staff time allocated to dealing with thousands of lenders and dozens of guarantors and other intermediaries, and vastly improved our overall aid delivery processes because it seamlessly integrates with other federal aid programs.

The issue does not get much clearer. Colleges and universities across the country are unanimous. The student loan system needs more competition, not less. Banks and guaranty agencies do not deserve this protection. The guaranteed loan program is not a free market program to begin with. The banks and guaranty agencies reap all the profits and take none of the risks, because Uncle Sam is guaranteeing the loans.

Direct lending also saves money for the taxpayer if honest accounting is used. It is a measure of the special in-

terests' power that they have even managed to corrupt the budget scoring process. They persuaded the Republican majority in Congress to include a provision in the budget resolution forcing the Congressional Budget Office to score this issue dishonestly, and thereby show savings to the Federal budget of \$775 million over 7 years capping direct lending at 10 percent. An honest accounting would show that eliminating direct lending costs—costs the Federal Government almost \$1.5 billion. Not only are the Republicans doing the wrong thing, they are actually increasing the deficit to do it. You cannot blame President Clinton for rejecting CBO scoring, when Republicans rig CBO scoring so shamelessly.

It is unconscionable for the Republican majority to use their majority power to undermine education and protect the profits of banks and guaranty agencies. Few issues in this budget debate more clearly demonstrate whose side Democrats are on, and whose side Republicans are on. Democrats are proud to stand with families struggling to educate their children. Republicans are content to cast their lot with the well-connected few, and thumb their nose at colleges and students.

On pensions, protections in current law are weakened to allow a raid of \$20 billion on workers' pension funds by large corporations and corporate raiders. This provision was eliminated from the Senate bill by a 94 to 5 vote, but has now been restored behind Republican closed doors.

On children, the Republican budget slashes essential safety-net programs for low-income children and families by \$82 billion.

The Republican budget slashes essential child care funding and eliminates health and safety protections for children in child care. Many more children will be left home alone and countless others will find themselves in danger.

The Republican budget slashes \$6 billion from school lunch programs. It slashes \$9 billion from benefits that allow one million children with disabilities to continue to live at home with their families.

In page after page of their legislation, Republicans offer an open hand to powerful special interests and the back of their hand to everyone else.

As people learn more and more about the Republicans' agenda, they like it less and less. They understand why this battle is so important. We are talking about fundamental principles and the kind of country we want to be in the years ahead.

It is wrong for the Republicans to slash Medicare in order to pay for tax breaks for the wealthy. It is wrong for Republicans to slash education and raid employee pension funds. It's wrong for Republicans to dismantle the basic bipartisan environmental protections we've enacted to keep the air clean, to keep the water clean, to keep our food safe.

The American people did not vote for priorities like that in 1994—and they

will certainly be voting against priorities like that in 1996.

Mr. President, I have listened with great interest to my friend and colleague from Rhode Island talking about the state of the American economy and who is really serious in this Chamber and which political party has been serious about dealing with the budget of the United States. Of course, he understands very well that when the Republicans came into power in 1980 there was \$460 billion in deficit, and when the Republicans left power in 1992 it was \$4.4 trillion.

All during that period of time the moneys which were actually appropriated by Democratic Congresses was less than was requested by a Republican President. So, we are very glad that our Republican friends want to get serious about the deficit now. But I think as we are talking about this issue, and as we have listened to a President who says that he is committed to a balanced budget, we are also paying attention to a President who initiated a proposal that passed this body without a single vote from the Republicans that has paid off \$600 billion of the deficit, something that has already been done, an achievement and accomplishment, not just particular rhetoric. And there was not a single Republican vote that was for it.

In the last few days we hear our Republican friends chide the President and say, "Well, he really didn't mean it now. And so we're going to try to take care of it." But I have yet to hear one Senator on that side of the aisle say that we wish that was repealed and how they would make up the \$600 billion which has already been paid off on the deficit. They have not talked about that. They have not mentioned that.

All they do is continue along to try and reach the legitimate concerns that the American people have in trying to bring the economic house in order, and very little time is spent, quite frankly, in reviewing how they would do that. And that is basically the issue that is before this body. The Democrats have, under President Clinton, reduced the Federal deficit by \$600 billion. The Republicans have talked about it. And now we have a President that is committed, and all of us are moving toward the balanced budget.

But I want to point out very clearly, Mr. President, that it certainly will not be this way. It certainly will not be this way. It will not be the way of cutting back on the Medicare opportunities for our senior citizens, the \$270 billion that is going to be required to be paid by our senior citizens, with increased out-of-pocket costs for all of our seniors in this country over this period of time, and the \$245 billion in tax breaks.

There is only one tax that has been increased, Mr. President, in this whole proposal, only one tax that has been increased, and it is the earned-income tax credit. And who does that apply to? Does that apply to the billionaires? Oh,

no. The billionaires were taken care of. We voted in here to eliminate the billionaire's tax loophole. For those who do not understand it, it says, if you have been able to accumulate \$3 million or \$4 million or \$5 million or \$600 million, or up to even \$1 billion, or even more, you can escape your payment into the Federal Treasury by renouncing your citizenship, renouncing your citizenship, escape payment, become a Benedict Arnold, escape payment and, what happened? This body went on record by over 92 or 93 Senators that said we ought to close that loophole, no ifs, ands, or buts. We had statements and comments by the members of the Finance Committee that it was going to be closed at the earliest opportunity. Many of us required a vote to make sure that that was going to be done, and members fell over themselves trying to go on record and say, "We are not going to permit that unseemly, unconscionable practice to continue."

And then what happens? You hardly get the doors closed over there in that conference committee, and what comes out? The billionaire's tax loophole; cuts in Medicare for our seniors and the billionaire's tax loophole that will take hundreds of millions, billions of dollars out of the Federal Treasury to benefit a handful of individuals, and you want us to just go behind the screen—"We're for the balanced budget and you're not."

Let us look at what this budget is. You are increasing the taxes on those individuals who are making less than \$35,000, and a giveaway to the billionaires. That is in here—charging our senior citizens, elderly people who are unsure, wondering whether their health care coverage is really going to be there, wondering about all these statements that are being made about Social Security and seeing their cost-of-living adjustment eaten up next year by the premiums that will be advanced under this proposal; cutting back on Social Security, cutting back on the Medicare protections, cutting back on veterans' protections, moving many of our senior citizens out of the fee for service where they know their doctors into these plan programs.

This is a beauty, Mr. President. This is an absolute beauty. Under the current law, we prohibit double billing. What is double billing? Double billing says if the repayment is going to be a certain number of dollars under Medicare, that is what the doctor will take for that particular procedure, paid in full.

But you just look, there are a couple of lines in this Republican budget that says, "That isn't going to be the way it is anymore. That isn't the way it is going to be anymore, Mr. Senior Citizen," who has worked so hard to build this country and make it the great country it is. That is not the way it is going to be anymore. Those doctors can charge you in addition—in addition. We have 70 percent of the seniors

at an income of \$15,000 and 83 percent of them are below \$25,000, who are paying more out of pocket now in terms of health care because we do not cover prescription drugs, we do not cover dental care, we do not cover foot care, we do not cover eye care.

Go into any senior citizen home in any part of the country and ask how many are paying \$50 a month for prescription drugs and see half the hands in the hall go up. That is what is happening out there, eating away at scarce resources. And now those 35 million Americans who participate in Social Security and Medicare are wondering, "Look, they are squeezing me on Social Security; if I am a veteran, they squeeze those benefits; Medicare, they are squeezing benefits and if I get sick and lose all my money and go into a nursing home, they have done something wonderful as well." Instead of the payment in full for the nursing home, they say the nursing home can charge you in addition to that, too. First time. That is what is in this bill. That is what is behind this bill. Make no mistake, those are some of the offensive aspects of this bill. They will raise the funds on senior citizens who are poor to qualify for Medicaid and put a lien on their homes, take their homes away from them.

That is what is in this bill. Just a few words change, just a few sentences change. That is what is in their bill.

No wonder the seniors are frightened. We hear from the other side, "Don't frighten our senior citizens." They ought to know what is in here. That is the kind of assault on senior citizens that is unwarranted and unjustified and you do not have to balance this budget on the backs of the senior citizens. You do not have to.

You are frightening the whole framework of retirement and security of our senior citizens. That is what you are doing.

After a recognition over a long period of time and after Medicare being passed in the mid-1960's, a recognition that our elderly people earn less in their later years and health care needs go up more in their later years, that was true then, it is true now. That may be an old idea, but I daresay it is still a fundamental value for our society.

I would like to see those who want to offer and have the guts to offer an amendment to repeal either the Social Security or Medicare, even though we listened to the two leaders talk about their historic role in opposition to the Medicare programs and how they are hopeful that it will "wither on the vine." Then people say, "Well, you shouldn't scare our senior citizens." Well, you have had the two Republican leaders that have taken such pride in the achievement of this budget and have made that kind of commitment and statement. Of course, they ought to know about it.

Mr. President, there is one other area which I will talk about. You talk about

those workers, you talk about the problem that those workers are facing.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. KENNEDY. Can I just have a final 5 minutes? I ask unanimous consent for 5 more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. I yield myself 4½ minutes, so I know when there are 30 seconds left.

Mr. President, those families working all that period of time now find they are going to have to pay more in taxes. They might have a number of children that may be getting some kind of health care covered under the Medicaid Program. Eighteen million children in that program; 4.5 million of them are going to be dropped from any kind of coverage under these Medicaid cuts. That is what we are talking about in this Republican bill: The raising of the Medicare premiums, the indifference in dropping children from health care coverage, dropping the fundamental commitment for day care for children, cutting even the existing program for day care for children of working families, and then, wonderfully, eliminating the regulations that provide health and safety protection for those children.

I was here when Senator DODD and Senator HATCH worked out that program, with President Bush. It was so interesting. We had strong requirements for protecting children in the bill that came out of our Human Resources Committee. Those strong requirements that had been worked out over a long period of time, in terms of making sure those children are going to be protected in child care, were watered down but still maintained the essential protections for children. That was agreed to in a bipartisan way and passed.

Four weeks later, I offered the same bill with the same standards to be applicable to the military, 94 to 6—94 to 6. We did not hear any question then about too much regulation, too much protection for the sons and daughters of those who are in the military. No, we went ahead and did it.

And now, if any Member of this body goes and visits a child care center on a military base in this country and compares it outside, they are going to find that the ones serving the sons and daughters of our servicemen and women are first rate, and those that are outside do not come up to par.

What is going to happen with the changes in this legislation is you are going to find a deterioration in the protection of children. I cannot wait to hear the first speech from some of those who have been indifferent to this problem say, "Look, that whole program that is supported by the Federal Government is a disaster." That is what is going to happen, and then there will be pressure to cut that back and give more tax breaks to the very wealthy.

Mr. President, I can look at the American worker today, as has been pointed out, and see how their real income has been going down, down, down, over a period of time. What they have done is put something away in terms of savings in their pensions, and then out of the Finance Committee came this ability for corporate raiders to raid pension funds, those pension funds paid in by the employees who sacrificed an increase in their wages, their health benefits so that they would have a secure retirement, and so we brought that up here on the floor of the U.S. Senate, a bipartisan amendment, Senator KASSEBAUM and myself, and others—and Senator MOYNIHAN has been a leader in this area—and we passed it 94-5, to prohibit the corporate raiders from plundering the pension funds. They could not even get the door closed over there in that conference, and they came right on back and opened it up again.

So every worker ought to understand that this is a threat to their own security. Why? Because, again, it is the tax breaks, the \$240 billion tax breaks. So, Mr. President, these are some of the items that are troublesome to many of us. We can work out in a way to try and deal with some corporate welfare and some of the unreasonable increases in terms of our defense and in tightening belts on many of the different programs. I have cosponsored those with Senator MCCAIN and others.

We can get to a balanced budget, but not when you are going to have that kind of cut and slice on working families, parents and their children. That is not what the 1994 election was about, and the 1996 election will be about it. I thank the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

THE PROMISES OF POWER

Mr. GRAMS. Mr. President, it is funny, I hear a lot of talk this morning on the floor about compromising with the President on our budget. I say it is funny because he has not officially even received it yet. He says he is going to veto it. But I say, let us give him the opportunity to do that. Let us give him the chance to veto this budget. Let him look in that camera and into the eyes of the American people and tell them he does not want this balanced budget, he does not think Americans deserve it and, what is more, he does not think they should have a tax cut to go along with it, and that money really belongs to Washington to spend.

I might just be a lowly freshman from Minnesota in this body, a plebe by the standards of some of the more senior Members. But I know why I am here: Because I told the people of Minnesota if they would elect me, I would come here and I would work to balance the budget, to reduce the size and the scope of this bloated bureaucracy that we call the Federal Government; and

by doing that we would be able to allow them to keep a little bit more of their own money in the form of a tax cut.

I hear my colleagues on the other side saying how people do not have the money to spend anymore in this country. Well, that follows 30 years of Democratic programs—but, more importantly, 30 years of Democratic tax hikes that have taken that money from our families and sent it to Washington.

Really, what kind of deal has been talked about on the floor here this morning? What kind of deal are the Democrats and the White House talking about? Let me put some of this in perspective. Our budget plan talks about spending \$12 trillion over the next 7 years. The White House and the liberal leadership of the Democrats in the Senate and House want to spend about \$12.5 trillion, at a minimum. Some are willing to work out any kind of agreement today so that we can go home and have a long weekend.

How are we going to tell our taxpayers that we are willing to spend another \$500 billion of their money, collapse on this very important issue, so that can have a long weekend? How do we tell the taxpayers that?

Our budget increases spending on all these programs. Our spending goes up every year. If you listen to those on the other side of the aisle, it is like we are gutting everything that this country has stood for, that somehow this country is going to collapse if we save 5 percent over the next 7 years. By the way, we are only about 1 percent apart on the Medicare, compared to the President's proposal and ours. In your own budgets, if you are making a dollar and they say you can have 99 cents, not a dollar, are you going to say, "I am going to collapse"? We cannot save that 1 percent?

Our budget increases spending on Medicare 64 percent, from \$174 billion this year to nearly \$289 billion in the year 2002—per capita. Everybody that will be on Medicare will be going from about \$4,800 a year to \$6,700 per person a year. That is not a cut. That is not a collapse. That is not solving all the problems or changing the way we do business here in Washington. My colleagues on the other side want to just throw more money at it and take more from the taxpayers and let Washington spend more. Should we agree to more of the same—programs that have failed—just to give them more money to spend?

Where do we get all this money? The Government does not produce any revenues. It only can collect them and disperse them. I am fighting for something that is fair; I am fighting for the taxpayers.

I have been listening to the statements on the floor all morning, and also reading some of the comments in the newspaper following last night's real historic vote on our balanced budget legislation. I found myself then thinking about Abraham Lincoln. This was a man who knew something about

dealing with adversity. He was elected President to lead the Nation through some of the darkest hours. The Civil War had divided the country, pitting neighbor against neighbor, brother against brother. Yet, he found a way then to use the power of the Presidency to inspire the people—not with the harsh rhetoric of hate, but with a vision that something better lay ahead. His words gave people hope to continue fighting for what they believed so strongly was right.

So you know Abraham Lincoln was speaking from the heart, and drawing on the experiences of his own life, when he said, "Nearly all men can stand adversity * * * but if you want to test a man's character, give him power."

I am not one who is quick to edit the words of a President that I admire very much, but after nearly a year service in this Chamber, and especially after the antics we have been subjected to over the last month, I think Abraham Lincoln's words would ring equally true if you changed them slightly to read this way: "Nearly all men can stand adversity* * * but if you want to test a man's character, take away his power."

Nearly every Republican here knows how tough it is to have that power taken away and be forced to serve in the minority. Many colleagues on this side of the aisle have been in the majority only to be shifted to the minority after the 1986 elections. It is tough, it is an adjustment, and it is not a lot of fun. But this year it has led to a lot of irresponsible politicking, and it has all been at the expense of truth and substantive debate.

Mr. President, what would you do if you were walking along and stepped into a pool of quicksand, and before you knew it, you were up to your waist, sinking quickly? At first, you would begin to do a lot of shouting, like we hear from the other side. You probably would not care too much about what you were saying, as long as you said it loudly and were attracting a lot of attention. It did not stop the sinking sensation, of course, but at least you felt like you were doing something.

Finally, a political consultant happens to come along—how convenient. They are brilliant at putting the right "spin" on things. Maybe they will figure a way out for you. "How convincingly can you say 'the Republicans are cutting Medicare and putting senior citizens at grave risk?'" asks the consultant. Well, you are willing to try anything at this point, since the only attention your shouting has gotten you so far were the services of a political consultant.

So you shout it—forget that it is not even close to the truth, and that you do not even really believe what you are saying, but you are fighting for your life here. Anything goes.

I just heard the Senator from Massachusetts say, "It will all depend on 1996. This will lead to the election of

1996." Republicans have an eye on an election, too, but it was the 1994 election. We are trying to do what the taxpayers, the American voters, sent us here to do, while the Democrats are looking to 1996 and trying to put up some kind of a hope of regaining this Chamber.

Pretty soon, this quicksand reaches up to your chin. "Any more brilliant ideas?" you ask the consultant. "How about shouting louder this time that the Republicans are hurting children and the poor. That has always worked before for me." You roll your eyes, but you are getting more desperate, and so you start yelling for all that you are worth that the Republicans in Congress are hurting children and hurting the poor.

Of course, it is getting harder to shout because the quicksand is brushing up to the corners of your mouth. Still, nobody is paying attention.

"All right, the old tricks are not working anymore, so it is time for desperate measures," says the consultant.

"I guess I am going to have to throw you this vine, but you have to keep shouting while I get it over to you."

He tosses you the vine, and with your last breath, you scream, "I want a balanced budget—just not this one."

With a final "glug," you sink out of sight.

The political consultant would shake his head and say, "Gee," as he heads off searching for his next victim, "even I could have told you people were not gullible enough to swallow that line."

"We want a balanced budget, just not this one. We want a balanced budget, but we want to spend more money in order to balance the budget. We want to meet a compromise with our Republican friends, but it has to be our way; we want to spend more."

They are talking about coming to our senses. Ask the taxpayer if another \$500 billion in spending is coming to your senses. Mr. President, the opposition is sinking in the quicksand of public opinion. Not even their high-paid consultants and political spin doctors can put a good spin on a bad message.

Instead of facing the financial and moral crises that are challenging this Nation, they want to ignore it and point fingers. If you are not right, you demagog it to death.

If you do not have a plan of your own, you blast the opposition's. If you are not ready to do the people's business, stall them. If your own leadership is afraid to lead, you can resort to name calling and personal attacks.

Well, Mr. President, the more I hear from my colleagues across the aisle, the more difficult it is to understand how they can actually believe their own desperate words.

They claim this is a dark poison over this Capitol. Poison? It is far from it. What I hear in this Chamber and in the other body is the voice of the people.

After years of darkness, the election finally ushered in some light and some tough and that truth is what we are

hearing today. If my colleagues are seeing the truth, and it look like poison to them, they need to take a hard look at just who they are representing because they are not representing the people who are calling my office.

They have lost the power, and it is scaring them silly, and as they grasp for the last vine, look what it's done to them.

Mr. President, yesterday we passed what I believe will become the defining piece of legislation of the 104th Congress.

For the first time in a quarter century, we have balanced the budget, and we are doing it for our children and our future.

We are cutting taxes for working class families.

Of course the Democrats say, "Not this balanced budget. We want a balanced budget." The President, in a 5-minute speech the other day said it 16 times, "We want a balanced budget, but give us more money to do it."

We are giving welfare recipients the opportunity to lift themselves out of a life of dependency and into society. We are preserving and strengthening the Medicare system for this generation and the next. We are doing all of this because we believe we must.

As Abraham Lincoln warned, our character has indeed been tested by the power with which this Congress has been entrusted—entrusted to us by people like Duane Bonneman who just sent me this fax here this morning, and let me read it quickly.

He said in the fax, "You are in difficult days. Be strong. Be courageous. Never give up. The prevention of the worst economic disaster in world history lies in your hands. Ignore the media. Ignore the polls. Do what you need to do to get it done. But please, don't give up."

Mr. President, I think the Democrats must be getting the same type of phone calls we are. I just want to say I am not here to give up.

Again, I say I know why I am here in the Senate. It is because the people of Minnesota sent me here to help balance the budget and cut taxes. I am not going to do anything short of that. I am not willing to compromise if it means taking more money from average families so that some bureaucrat in Washington can spend it.

I am willing to make sure that we have a fair and equitable budget, one that meets the needs and responsibilities of this Nation, but not one that robs our children's future.

I yield the floor.

Mr. THOMAS. Mr. President, I ask unanimous consent that I be allowed to proceed in morning business for 6 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CHANGING THE COURSE

Mr. THOMAS. Mr. President, I have been listening all day, as most of us

have. I suppose one could say that most everything has been said. Perhaps it has not been said by everyone, so it will go on. And it should.

We are talking, of course, about a difficult decision. I think the Senator who is presiding now said we are trustees here for the American people. That is really what we are—trustees.

We are faced with one of the most difficult decisions that has ever been made here, and that is taking a fundamentally different course with the Federal Government than we have had for the past 30 years.

We talk a lot about the cuts. Our friends talk a lot about the cuts. Let me share a couple of things with you. Social Security spending will increase each and every year from \$336 billion in 1995 to \$482 billion in 7 years, a 44-percent increase.

Mandatory Medicare spending will increase in each and every year from \$178 to \$289 billion, a 62-percent increase in 7 years.

Medicaid spending will increase each and every year from \$89 to \$122 billion, a 37-percent increase.

Mr. President, what we are seeking to do is to preserve these kinds of programs that we all believe in—health care programs for the elderly, health care programs for the poor. In order to preserve them, you have to have some kind of control on expenditures. Medicare expenditures have gone up three times as fast as inflation, twice as fast as health care in general.

So we can do some things about that and I am pleased, frankly, to hear our friends on the other side say that they are interested in cooperating in seeking a balanced budget. Frankly, there was not much evidence of that interest in balancing the budget prior to today. Most of the folks we listen to who decry the balanced budget and now embrace it have been here for 20 years. We have not balanced a budget one time in 30 years. Hopefully there now is some commitment to it.

I understand and I think as we listen to these things we should all understand that there are different philosophical political points of view about how you approach it.

There are people who genuinely believe that more Government is better, more spending is better, that you should, indeed, extract more money into the public pot so it can be spent that way. I happen not to agree with that.

I think that is not the majority view. But it is a view and I understand that.

It is also interesting to me, my friend from North Dakota and the Senator from Massachusetts get up at least several times daily and talk about how bad things are, therefore, we need to help, but are not willing to change the programs that have made things as bad as they are.

It seems to me there is a principle there. If you do not like the results of what has been happening, you ought not to continue to do the same thing.

You ought not to continue to do the same thing and expect that the results will be different, because likely they will not.

I think, too, it is interesting that we ought to examine for a moment what it is we are seeking to do in this country. We are trying to provide an economy in a private enterprise system, in a free market economy, in a democracy, so that you and I can have jobs and earn a living for our families. That is the basis of this country.

I get a little weary, frankly, of constant talk about greedy business men and women because I do not understand where those folks think jobs come from. Jobs come from people willing to put capital—either theirs or someone else's—and risk that capital and create businesses, generally small businesses, to create jobs. That is what makes this country work.

It is sort of interesting, we are spending a great deal of energy, properly, in helping countries throughout the world change their form of government to a democracy, change their form of economy to a free-market economy, a private-sector economy and we constantly make it more and more difficult for us to succeed doing the very same thing.

It is always popular to talk about the rich and how the rich are getting the breaks. I frankly do not know as much about the rich, I suspect, as the Senator from Massachusetts does or others, but I do know a little bit about small business. I do know that it takes some incentive for you to put your money in there at risk.

I do know that it is awful easy to be regulated to the extent that you say, why should I fool with it at all? Why should I create jobs, because I am over-regulated. You have to have some incentives to cause people to do that.

We ought to take just a little time and review, I suppose, what are our own values, what we think has made this country great, keeping in mind it is indeed the greatest country in the world.

I had a chance, with Senator GLENN, to go to Bosnia a while back and see other countries, a chance to go to the Balkans, a chance to go to Nicaragua several years ago, and I can tell you, as you know, this is the greatest country in the world. We have more freedom. We have more things than anyone else.

We ought to examine what it is that has caused us to be able to have those. It has to do with freedom, with less Government rather than more. It has to do with personal responsibility that each of us must take in a democracy. It has to do with compassion for the helpless and the needy, but to help them get back to help themselves. It has to do with incentives to invest so that we can create jobs.

So this ought to be our goal, to preserve those personal freedoms, to help strengthen the economy so that we can have jobs, to maintain those programs that do help the needy. You cannot keep them going if you do not control

the costs, with the possibility we are going to go broke in Medicare—we all know that. So we can cheat.

So I hope, Mr. President, each of us will challenge ourselves to perform during these next few months, indeed years, and take the tough role of leadership. It is fairly easy to poll. It is fairly easy to have little groups that you talk to, little focus groups, and sort of decide what is best for your political future. It is much tougher to decide what you think we need to do to be a leader. And it is uncomfortable, from time to time. And this is the time when we have the opportunity to stand up and express at least our heartfelt beliefs as to where to go.

Mr. President, I am just excited by the opportunity to do that. I think yesterday's vote was a fundamental change and the most important vote that any of us will make for a very long time.

I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 4 p.m. today.

Thereupon, at 2 p.m., the Senate recessed until 4 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. GORTON].

The PRESIDING OFFICER. The Senator from Mississippi.

UNANIMOUS-CONSENT REQUEST— HOUSE JOINT RESOLUTION 123

Mr. LOTT. Mr. President, I believe the distinguished Democratic leader is going to be here momentarily because we do have some business pending.

Mr. President, I might just describe what we are going to do here momentarily while we wait on the Democratic leader to be here. We will ask for consent here momentarily to proceed to the consideration of House Joint Resolution 123, making continuing appropriations in order. This is the one that passed earlier this afternoon in the House of Representatives having to do with Social Security, veterans, and Medicare offices. And we will ask that we proceed to the consideration of that.

I understand the minority leader will be here for some comment or some action. We will proceed to that as soon as he arrives. But while we wait on him, does the Senator from Virginia wish to speak?

Mr. WARNER. Mr. President, I just wish to ask for a brief period in which to address the Senate following the distinguished Senator from Alaska, if that might be agreeable.

Mr. LOTT. If we could get an agreement when the minority leader arrives, we would then go ahead and take up this business. That would be fine.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

THE CONTINUING RESOLUTION

Mr. WARNER. Mr. President, I am happy to follow the senior Senator from Alaska, if he so desires. I wish to speak briefly. I have had the opportunity through the day, together with the distinguished acting majority leader, and others, to join the Speaker of the House in reference to the continuing resolution situation.

I specifically addressed at that time my deepest concern, which is shared by many, about the fate of those Government employees, those both defense and nondefense, who at this time have continuing uncertainty as to their status.

I am pleased to say, Mr. President, that the Speaker and those present gave me reassurances that the earlier representations by the Speaker and the distinguished majority leader of the Senate to members of the Virginia congressional delegation—indeed, others—that Government employees, defense and nondefense, will at some point in time be cared for in a separate manner, separate manner from the question of, and the very important question of, the balanced budget amendment, to which I swear my allegiance to the 7-year program. But it has to be done in a separate context.

With that assurance, I hope I can convey, not only to the colleagues here in the Congress who have an interest but also to those employees listening and learning this, that at some point in time this solution will be resolved, and hopefully very satisfactorily.

FURTHER CONTINUING RESOLUTION

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of House Joint Resolution 123, making in order continuing appropriations, that the joint resolution be read a third time, passed, and that the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE. Mr. President, reserving the right to object, I ask unanimous consent that the Senator's request be modified to include passage of the continuing appropriations with an amendment to include the rest of the Government agencies that are not included in this joint resolution.

Mr. LOTT. Reserving the right to object, Mr. President, I believe that would be what would be considered, I guess, a clean continuing spending resolution to put all of the Federal employees back to work and to work out the resolution of the question of the balanced budget of 7 years. Is that correct?

Mr. DASCHLE. That is correct. It is my understanding that is what this resolution does as well.

Mr. LOTT. Mr. President, then I would object to that request.

The PRESIDING OFFICER. Is their objection to the original request by the Senator from Mississippi?

Mr. DASCHLE. I object.

The PRESIDING OFFICER. There is objection to both.

Objection is heard.

MEASURE PLACED ON THE CALENDAR—HOUSE JOINT RESOLUTION 123

Mr. LOTT. In light of the objection, I ask unanimous consent that the joint resolution be placed on the calendar.

The PRESIDING OFFICER. Is their objection? Without objection, it will be placed on the calendar.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period for morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The distinguished minority leader is recognized.

LIMITED CONTINUING RESOLUTION

Mr. DASCHLE. Mr. President, I just want to take a couple of minutes to discuss what many of us feel, that a limited continuing resolution is not an appropriate resolution of the situation before us.

This resolution does not cover the Federal Housing Administration, and, yet, the shutdown of the Federal Housing Administration has blocked home ownership for literally thousands each and every day. On an average day, the Federal Housing Administration processes 2,500 home purchases and refinancing applications totaling \$200 million with the mortgage loans for moderate- and low-income working families.

This resolution would do nothing to ensure the resumption of the financing of small businesses. On an average day, over 260 small businesses receive the SBA guaranteed financing. Thus far, more than \$40 million in loans have been delayed or forfeited as a result of the shutdown.

Another shutdown this resolution does not address—would not affect—is the shutdown on exports this country attempts to ship each and every day. On an average day over 30 export licenses valued at over \$30 million are approved by the Bureau of Export Administration.

The resolution does not address Head Start. Yet, if the shutdown continues much longer, 60,000 Head Start children will lose services each day, and 11,000 Head Start staff will do without funding.

This resolution is a holiday for deadbeat dads. Those who are not living up to their responsibilities as fathers do not need to fear collection attempts,

for the Federal Parent Locator Services which averaged 20,000 new cases a day is closed. The resolution does not affect that.

The resolution does not address the halt in tourism in and around national parks. Yet, on an average day, 726,000 people visit national park service facilities. With parks closed down, the public inconvenienced, business is lost in the surrounding communities.

The resolution offered today does not address the critical health care needs served by the National Institutes of Health, which provide advice to doctors and patients and the latest treatments available for serious illnesses. No new patients are being enrolled in research projects at the NIH Clinical Center. An average of 170 new patients per week were enrolled in these projects up until the time we saw the Government shut down.

The resolution does not allow for the pursuit of new medical fraud and abuse cases. On an average day, 100 calls from public sources reporting fraud and abuse are normally referred to the Office of Inspector General for further investigation. That has been completely shut down.

There has been a shutdown of projects and activities of the FBI, the Border Patrol, and other Federal law enforcement agencies. This resolution does not address that.

Finally, it does not address the shutdown of the Consumer Product Safety Commission work. Yet, in an average week, 20,000 toys are taken off the shelves because they are dangerous for children.

The point, Mr. President, is pretty simple. Obviously, we are concerned about the need to address all agencies of Government, all important services. We want to ensure that we are not balkanizing Government. Already, through the House's passage of this resolution and the refusal to pass a clean short-term budget, we are pitting one agency against another.

I think we have to come to an understanding that Government is important, and all these important services ought to be funded, not just some of them. We have been asked by the House to abandon that principle and provide funding for Government on a piecemeal basis. There is a regular appropriations process. Today, the President is going to sign the Treasury-Postal appropriations bill, and the legislative branch appropriations bill. The more appropriations bills we can send on to the President, the less we are going to need this balkanized approach to a continuing resolution.

Let us pass a straightforward continuing resolution. Let us take the riders off. Let us get the job done. Let us ensure that at some time in the not too distant future we can get on with dealing with the fundamental issue before this Congress, and that is a reconciliation bill: a comprehensive budget that balances the budget and reflects the true values and priorities of the Amer-

ican people—not the plan to devastate Medicare and Medicaid to pay for tax breaks for people who do not need them. Now that the reconciliation bill has passed, there is even less reason for a Government shutdown. The reconciliation bill should be sent to the President for its inevitable veto so we can get on with the real negotiations. I am hopeful that we can get to those essential negotiations and enact such a budget in the not too distant future.

I yield the floor.

Mr. LOTT. Mr. President, I would like to take a minute just to review the situation. First of all, there would be no shutdown of Government at all if the President had signed the continuing resolution that was sent to him last week, one that did include language for a balanced budget in 7 years, and by allowing this continued spending to go forward it would have opened the Government.

Second, there is another continuing resolution that has passed by a wide margin in the House and in the Senate—by 60 votes in the Senate, with some other Senators indicating they really would like to vote for it. We have that resolution ready to go to the President, but he said no, he will not sign that either.

That resolution is very simple, and it did not have any of the riders that had been objected to earlier. It says we will have a balanced budget in 7 years as certified by the Congressional Budget Office, which is what the President had called for in 1993, and it did allow for continuing of the spending at the lower of the House-Senate or current level and even the programs that had been zeroed by the Congress would be funded at 60 percent—more than a 50-50 split with the President.

So that has not been sent to the President yet because he indicated he would not sign it. But perhaps he will think better of it and indicate maybe later on today or tomorrow that he would sign it, and we could send that right down, he could sign that tomorrow afternoon or Monday morning and get the Government back to work, and we could get on to the serious business of the balanced budget that we are committed to, that this body voted for just last night and that we have been working on all year.

Now, I think also you need to emphasize here what was just objected to. This is a short or small continuing resolution that will allow the opening of Social Security, veterans and Medicare offices. Who is against that? The Senator just objected to us getting those very important offices open and working on Monday morning. Surely—

Mr. DASCHLE. Will the Senator yield?

Mr. LOTT. There would be no objection to it. Let me continue, if I could, and I will yield.

We could get those offices open, and then perhaps there are some other areas where we could pass some other

continuing resolution that would perhaps address the concerns of the Defense Department. Hopefully, that will not be necessary because not only has the President been sent today from the Congress the Department of Treasury and Postal Service appropriations bills, which he indicated perhaps he will sign, I believe, and the legislative appropriations bill, which he indicated maybe he will sign, we also sent him a very important, very large Department of Defense appropriations bill. If he will sign that bill, then all of the Defense Department, our defense people can go back to work.

This is not an indication that this is all we should do or can do or will do. We are just saying that we would like for the Social Security offices, the veterans offices and the Medicare offices to be open. I do not think any Senator wants to object to that.

So we put it on the calendar, and we will have a chance, I am sure, to vote on it at some subsequent point. If I could just make one more point, and then I will yield to the Senator's response, if he feels so inclined.

What is really at stake here? There is a continuing effort by the President to get a continuing spending resolution. The President wants more spending available to him. What we are trying to get is a commitment to the balanced budget in 7 years with honest numbers. That is all we are trying to accomplish.

Now, discussions continue, are underway. There have been conversations today across the aisle with both sides of the Congress and with the White House. I am hopeful that something could be worked out where the President can agree to the 7-year balanced budget as certified by the Congressional Budget Office so we can make sure the numbers are allowed, and maybe that will happen. There are a number of ways that we can continue to work together and get the Government open. Certainly we should get these very important offices open on Monday. The House has already voted that way.

I would be glad to yield to the leader.

Mr. DASCHLE. I thank my friend for yielding. I would just ask the distinguished Senator from Mississippi, my friend, whether he is aware that the President has already made an announcement that all of those people will be going back to work on Monday, making the resolution as he has proposed it unnecessary?

The second question I would ask is, why, even if he thought it was necessary—perhaps he was not aware of the President's announcement—why would he feel the need to open the offices in Social Security and other branches and maintain closure of small business offices around the country, the Federal Housing Administration? Why would he see the need to keep the National Institutes of Health and a number of other Federal agencies that I would think he would view as equally important, closed down? What I tried

to do in my subsequent unanimous consent agreement, to which the Senator objected, was to open those offices, too. How does the Senator draw the distinction?

Mr. LOTT. If the President as a matter of fact has been moving to open these offices, certainly it makes good sense to me that the Congress would concur and put that into law. But I might respond to the Senator, why did the President stop with these offices? Why did he not go further? Every one of these things cut both ways.

I think it is important to note that the other side of the aisle has objected to moving to this targeted continuing resolution. This bill would provide sufficient funding—until the relevant appropriations bills are signed into law, or if necessary, for the remainder of FY96—to allow HCFA to pay claims filed by Medicare contractors, the Social Security Administration to meet its administrative expenses, and the Department of Veterans Affairs to process and disburse veterans compensation, pensions, and dependency and indemnity compensation payments. The minority leader points out that the President has sent an Executive order sending many of these workers back to work; however, it is important to note that the President's Executive order does not provide funding for these employees. This, I believe, is a very important distinction.

I think what we need to do is quit arguing about what should be open and what should not be open, get an agreement to do that, and get a commitment to a 7-year balanced budget with honest numbers. That is what really is at stake, and we are hopefully very close.

The leader, I believe, has had indications by many Members on his side they want a 7-year balanced budget. The ranking member on the Budget Committee in the House indicated that he supports that. I think there is growing support in the Congress to get that commitment agreed to, go with honest numbers and pass a continuing resolution that will allow the spending to continue while we get a way to control the budget that has been out of control for 30 years.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The distinguished Democratic leader.

Mr. DASCHLE. Let me just respond, and I know others seek the floor, so I will not belabor this point. This issue is not about a 7-year balanced budget. The Senator from Mississippi knows it. This issue is about whether or not we can make Government function while we debate the critical issues behind the issue of a 7-year balanced budget. I think we could get broad-based support for a 7-year balanced budget if we could also get broad-based support for what that means—what the budgetary values priorities defining that budget are.

What does it mean? What so many on the other side seem to be arguing is that we have to come to the bottom

line before we know what the components are. If the Senator will tell me exactly what the tax cut figure will be, exactly what the growth assumptions will be, exactly what all the cuts in entitlements will be, exactly what we can anticipate in terms of freezes on discretionary spending, then we can probably get some better appreciation of whether it is going to take 7 years or 8 years or what. Seven years is fine with most of us, 5 years, 4 years might work, depending on the assumptions and priorities entailed, but that is not the issue. We have to consider all the components of the budget as we debate this issue.

The real debate will begin almost immediately because the President will be vetoing the reconciliation bill that we passed last night. So we are left now with the realization that if we are serious about doing this the right and responsible way, we need to put the rhetoric aside and get down to making some very tough decisions about whether we can do all that everybody says they want to do in 7 years. We better start negotiating for real on that reconciliation bill. That is the issue. The continuing resolution debate ought to be behind us because that really should not going be the issue any longer.

The issue is, can we seriously debate our goals in reconciliation. If we can do that, if we can sit down in a bipartisan way, then I believe we can accomplish our task. But the longer we debate this continuing resolution, the longer we decide we have yet another iteration, another alternative, another way to play political games with a document that ought to fund Government for whatever length of time it is going to take to get the real job done, the less the real job is a real possibility.

So I hope that we could both agree to that. I will agree with what the Senator said about the ongoing effort to try to resolve this matter.

I must really commend him and Senator DOMENICI, the distinguished Senator from New Mexico, the chair of the Budget Committee, and others who have been working diligently all day long in an effort to find some resolution. I think we are very close on our side. I wish I could say the same for those on the other side. But I do commend them for their work and their effort. I know it is still ongoing. And I hope, even though the odds seem to be diminishing, I hope at some point, even yet today, we could find some resolution. I yield the floor.

THE BALANCED BUDGET ACT

Mr. SANTORUM. Mr. President, I wanted to take a few minutes today to address a few specifics of the Balanced Budget Act passed yesterday by this Chamber. With the time available today, I wanted to offer a few specific thoughts on the agriculture provisions contained in the conference report.

As I have said on previous occasions during this debate, the balanced budget

measure we approved yesterday is a historic moment. I feel strongly that this is among the most important votes that I will cast here, and I am proud that this Congress has the courage and conviction to enact a plan to achieve a true balanced budget.

This is a good plan, and in my estimation, it is a very fair plan; but it is not entirely a perfect plan. An area, for example, that I believe that this Congress has abdicated its responsibility is the reforms of the peanut program that are contained in this bill.

My desire to reform programs such as peanuts and sugar is certainly well known among my colleagues. It is my view that we must curb these subsidies for farmers and investors and bring these programs into line with other, more market oriented agricultural commodities. As a member of the Senate Agriculture Committee, I have been fighting for reforms in both of these programs. I assure my colleagues that the provisions in this bill are not true reform.

The peanut industry is in a state of serious decline. Consumption and production are falling as a direct result of a failed Government policy that excessively inflates the price of U.S. peanuts to almost twice the world price. It is my goal to make the peanut program operate like other farm programs so peanut farmers will grow peanuts for the market, and not for the Federal Government. Under the current peanut program, artificially high-priced peanuts simply end up being forfeited to the Federal Government.

The peanut provisions contained in the budget reconciliation bill not only fail to reform the peanut quota system, but make a bad program worse by forcing the Secretary of Agriculture to further shrink national production to avoid Government forfeitures.

This summer I introduced S. 1188, a bill that provides for a phasedown of the excessive support price for quota peanuts in order to move the program toward a market orientation. In year 2000, my bill would end the quota system and replace it with a loan program, much like the program we have for soybeans.

The Agriculture Committee, however, chose to include the general commodity programs in the budget reconciliation bill rather than have a farm bill fully debated on the Senate floor. At the time of Agriculture Committee deliberations, I agreed not to oppose the package of peanut provision for inclusion in budget reconciliation in return for some minor reforms in the program.

One of the chief concessions I obtained in the Agriculture Committee reported bill, was a new provision for the release of additional peanuts when market prices for domestic edible peanuts exceeded 120 percent of the quota loan rate. This provision would have placed some cap on the price of peanuts when the Government creates an artificial shortage.

Unfortunately, this provision was ruled out of order under the Byrd rule, while other provisions, such as the extension of lease and transfer of quota, were allowed to be part of final legislative package on peanuts.

My other objective today is to point out the inconsistency in terms of how the Byrd rule was applied against my provisions to reform the peanut program. No one can deny that the Byrd rule was applied selectively to eliminate certain provisions, while other items, such as lease and transfer provisions were allowed to be attached to the budget reconciliation bill. Through procedural maneuvers to protect the peanut program from a floor vote, the Congress has effectively chosen to heavily subsidize a few thousand peanut quota holders at the expense of millions of consumers.

The peanut provisions contained in the bill serve to protect the status quo, while consumers have to pay even more for peanuts because the Secretary of Agriculture will be forced to short the market. In fact, it is estimated that the proposed modifications will effectively increase the cost of peanuts by as much as \$100 per ton. Budget reconciliation provisions that increase the cost of peanut products at a time when the peanut industry is already losing market share are simply bad public policy.

I am disappointed in my colleagues' use of the legislative process to hide the peanut program from the light of public scrutiny. Working to deny floor consideration of peanut program reform has extended the life of this outrageous program for a while longer. Ultimately, I am afraid that the provisions in this bill do a disservice to supporters of the program by further pretending that there is no crisis in the peanut industry.

In stark contrast, some of the reforms that I have proposed would expand national production by allowing American peanut growers to produce for the market rather than the government. Real reform of the peanut program will not only benefit this Nation's consumers, but will help avoid the loss of manufacturing an jobs in my home State of Pennsylvania.

As a Representative of Pennsylvania, one of the largest states in terms of the number of employees related to peanut product manufacturing, I have good reason to be deeply concerned about the loss of jobs that will result from further Government imposed reductions in U.S. peanut production.

Mr. President, it is critical that we have an opportunity to vote for reform of the peanut program on the Senate floor. Consideration of the peanut program to date has been nothing short of denying public scrutiny of an unfair and outdated Government program.

TED STEVENS: A HEARTFELT BIRTHDAY WISH

Mr. MURKOWSKI. Mr. President, today is an especially happy day for Alaskans, as we join in wishing our senior Senator TED STEVENS a happy 72d birthday, (November 18.) TED, in his 27th year in the Senate, has set an example for how all of us should fight tirelessly for our home States, while still maintaining the wisdom to put the good of the Nation first.

While TED currently ranks eighth in the Senate in overall seniority, third among Republicans, and is just one of 109 Senators who have served in the body for 24 or more years—out of 1,815 members since 1789, he still can be found meeting every Alaskan Close-Up student group or talking with residents about health concerns.

His encyclopedic knowledge of Federal-Alaska State relations is legendary in Washington. In the Senate, which has lost much of its institutional memory, TED is able to offer insights on everything from passage of the Trans-Alaska Pipeline Act, to the Alaska Native Claims Settlement Act, from passage of the Magnuson Fisheries Conservation Act to the Alaska Lands Act.

His recollection of events is so extraordinary not only because he helped draft the Alaska Statehood Act while serving at the Department of Interior during the Eisenhower administration, but because he has had a hand in virtually every Federal issue affecting Alaska over the past three decades.

While TED served 8 years as assistant Republican leader, whip, handling key national issues, especially defense matters, he is respected as a fierce defender of Alaska interests. He especially has been willing to put aside personal ambition for the good of his State.

Many forget that TED sacrificed his seniority on the Commerce Committee to move to the Energy and Natural Resources Committee during the key fight over the Alaska Land Act. He then moved back to Commerce to represent Alaska fisherman—prove positive that TED always puts Alaska first. It is only justice that he is today chairman of the Committee on Governmental Affairs—the panel upon which he has labored for years to the great benefit of Alaskans.

Certainly no Alaskan has done more during his career than TED STEVENS. A Harvard Law School graduate, an Air Force veteran who saw service in China during WW II, the chief counsel to the U.S. Department of Interior, a member of the Alaska House of Representatives who served as speaker tempore and majority leader, and U.S. Senator. TED STEVENS is a model of public service to his State and Nation and an inspiration for all of us.

I, join with all Alaskans, to thank him for his skill, drive, and dedication during his years in Washington and offer him a heartfelt good wish for many, many more years of service to the State and Nation. Nancy joins me

in congratulations to both TED, Catherine, and daughter Lilly. It's been great fun and a true privilege working with you my friend.

HAPPY BIRTHDAY SENATOR ROBERT BYRD

Mr. MURKOWSKI. Mr. President, if the Republican leadership is successful in negotiating an agreement with the President on a continuing resolution, it appears that the Senate may not be in session on Monday, November 20.

For that reason, today I would like to take a moment and wish the distinguished senior Senator from West Virginia, Senator ROBERT BYRD, an advance Happy Birthday. On Monday, Senator BYRD will celebrate his 78th birthday.

Mr. President, the public often views the Senate engaging in bitter partisan debate. Yes, we Republicans have our differences with the Democrats. But when the debates are over, and the votes have been cast, the public would be surprised to learn that we put aside our party labels and share friendships.

And so, the Republican Senator would like to reflect on the brilliant career of Senator BYRD. He has spent more than half of his life serving the people of West Virginia in the Congress. Six years in the House and 37 years in the Senate.

This year, he cast a record 14,000th vote; and just 3 weeks ago, on October 27, when the Senate set a 1-day record of 39 votes, it was Senator BYRD who offered the 35th amendment that broke the record.

But it is not just longevity that will provide Senator BYRD historical stature in the Senate. It is his record of service. He has served as majority whip as well as majority and minority leader. And he has served as President pro tempore and chairman of the Appropriations Committee.

What is even more remarkable is the Senator's in-depth scholarly knowledge of history. Our distinguished Republican leader, Senator DOLE, has often commented that students ought to receive college history credit simply by listening to the speeches of Senator BYRD.

Over a period of several years, Senator BYRD stood on the floor of the Senate and provided an oral history of this institution. These speeches ultimately were printed in two bound volumes and provide the best overview and understanding of the evolution of this 206 year old institution.

In 1993, Senator BYRD went to the floor on 14 separate occasions to speak on the history of the Roman Senate. These discourses were not designed solely for history students. Instead, they were intended to provide all of us with a perspective on the roots of American government and the extraordinary importance of maintaining unfettered congressional control over the power of the purpose.

On one occasion, Senator BYRD spoke for 6 hours on the floor and provided

the Senate a broad overview of the evolution of parliamentary government in England and how evolution influenced our Founding Fathers in shaping this Government.

Mr. President, I could go on and on about Senator BYRD's history lessons. But what I want to do is suggest that when future historians are writing about the 20th century Senate, Senator ROBERT BYRD will surely be remembered as one of the giants who followed in the footsteps of Henry Clay and Daniel Webster.

In particular, I believe Senator BYRD should be commended for his passionate defense of the rights of the minority in this body and to unlimited debate. Many Americans are often frustrated with the slowness of the pace of the Senate. But Senator BYRD rightly notes that in permitting unlimited debate, the Senate stands as a bulwark against tyranny and the passion of the moment.

We all owe a debt of gratitude to Senator BYRD for his wisdom. I wish him a very happy birthday this coming Monday and my sincere regards to his lovely wife Erma.

ORDER FOR RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. LOTT. Mr. President, I ask unanimous consent that following the remarks of Senators STEVENS, EXON, WARNER, and CRAIG, the Senate stand in recess subject to the call of the Chair.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT. I yield the floor.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Before the acting leader retires, I hope that we can agree to take off this 5-minute limitation on comment to be made at this time in morning business. It is my understanding that the time limit is 5 minutes for each Member; is that correct?

The PRESIDING OFFICER. The Senator is correct, at this point.

Mr. STEVENS. Well, I have a longer statement I would like to make concerning the defense bill and this hiatus of funds. I would like to ask that that time be extended somewhat.

Mr. LOTT. Mr. President, could I inquire, how long does the—

Mr. STEVENS. Ten minutes for each one would be sufficient, in my judgment.

Mr. LOTT. I modify my request and ask unanimous consent that each Senator would be given 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I thank the distinguished acting leader.

THE FUNDING GAP

Mr. STEVENS. Mr. President, I have been researching today also what is

happening here with regard to this funding gap, as it is called in Government circles. I find there have been 15 such funding gaps in a 19-year period since 1977. One went 17 days. And I am becoming disturbed because of the two functions I perform here in the Senate. One is chairman of the Governmental Affairs Committee with regard to the general civil service and Government employees, per se; and the other is pertaining to the Department of Defense.

At this time I want to speak primarily on the Department of Defense. If we are in session later today I do intend to speak about Government employees per se, because I think there is a strong feeling building here, for some reason, that those people who have been declared nonessential and are not reporting for work are somehow at fault in this, and they are not going to be paid when we finally reach a conclusion, which we must reach at some point.

But, Mr. President, I want to talk now about the Department of Defense bill because I had urged that bill be held up and not sent to the President because I did not want it caught in this current, very deep controversy. But it has now been sent to the President for his signature.

There is every indication the President will veto that bill, for several reasons. He, of course, has the prerogative to reach the conclusion that he has reached with regard to the funding levels in our defense bill. I am here right now to urge the Department of Defense to confer with the President and do their utmost to get this bill signed. As I noted during the debate here on the floor of the Senate on that bill, this is a bill that I think is of immediate concern to the Department of Defense and one that I believe the President must sign.

If he does not sign it, under the current hiatus in terms of this funding, we are going to be in real difficulty. Today 300,000 civilian employees in the Department of Defense have been furloughed. The Department of Defense depots, supply centers, training ranges, and people who are currently on route in personal moves have been stopped. They can no longer spend money.

Now, we have U.S. troops deployed abroad. I spoke at length on the floor the other night about that also. And 240,000 or more American citizens are deployed abroad as members of our armed services. They are in Macedonia, Haiti, Cuba, Southwest Asia, all over the world, and there are many afloat. We cannot afford any further interruption in defense fundings and programs if we are to maintain our responsibilities throughout the world as the world's last superpower.

I think this would be a sad time for Saddam Hussein or the North Koreans to misunderstand the will of the United States to provide the people and the material and money to fund the commitments we have made throughout the world.

As I said, I believe the President must sign this bill in the interests of our national security. We have a very strange situation facing the Department of Defense right now. Remember, there is no defense bill until he signs it. If he vetoes it, there is still no defense bill. There should have been a new defense bill on October 1. We were prepared to go to a defense bill, but we have been held up by an extraneous issue for a long period of time this year.

But today the Department of Defense responded as follows: With regard to civilian payroll, there are 780,000 workers that must be paid by November 24. There are no funds to make that payroll. On the military payroll, there are 1,600,000 people who must be paid by November 28. There are no funds to make that payroll.

Many people believe that the food and forage concept will allow the Department of Defense to meet those obligations. That is not true. The food and forage statute, which is an ancient statute, gives the Department the authority to write IOU's for food for people in the field. It does not impact payroll. There will be no money to meet the payroll under food and forage.

As I stated, with regard to the transportation of troops, there are troops in training centers that cannot return to their units. There are people en route home for the holidays that will not be able to return. There are no funds available for discretionary travel. All fuel—all fuel—for Department of Defense expenditure will expire on November 24.

For vehicles, aircraft, and ships, they are procured through the defense logistics agency, and we are informed that that agency will have no cash to procure fuel after November 24. The military services will have to draw down from existing supplies at bases or at sea, if necessary, in an emergency. And I assume they will be reserved for emergencies.

With regard to spare parts, we get spare parts under the defense business operations fund. That fund also is in the situation where it is critical already. There is money in the bill that was presented to the President. If it is not there, there is going to be a critical situation with regard to our stockpile of spare parts worldwide.

For those people who have States that are involved in the industrial production—my State is not—but just remember that all procurement is subject to appropriated funds. If this bill is vetoed and there is no continuing resolution covering defense, all of those contracts for production and procurement will have to cease because the inspector generals will have to notify all of those contractors that the Department of Defense cannot meet the payroll, cannot pay those contracts because of the clause in each of them that says they are subject to available funds.

With regard to overseas operations, Mr. President, we have many people out there in many dangerous jobs in counternarcotics operations, from those flying the so-called cap, the oversight function in Iraq, the no-fly zone in Bosnia, the naval blockade in the Adriatic, all of the work we are doing in Cuba, all of the containment operations on North Korea. All of them—all of them—are at risk if this bill is not signed.

Now, I urge the President to sign this bill, but in any event I urge the Senate and the House to recognize the problem if he does not. If the President does not meet his responsibility, that does not mean that I am going to shirk mine. I intend to object to the passage of this resolution unless it is amended to cover the Department of Defense. And furthermore, I intend to find some way to get before the Senate a resolution which will, in fact, cover the full spectrum of the problem that exists now.

We are coming close now to the record as far as the time that we will have people furloughed, sent home, people that want to work, and then later we will pay them. Now that is another matter I want to cover. I have had several Members of the Senate tell me, "Well, this time we're not going to pay them." Never in the history of the United States have we failed to pay the workers who have been sent home because of any hiatus in the availability of cash to pay them for their jobs.

Furthermore, Mr. President, we hire people by the year. Most employees of the Federal Government are hired under contract for a full year. Their salaries are stated by the year. There are very few that are under hourly or under temporary hiring contracts, which are short of that.

It is my position that the failure of the Congress and the President to come together to make available the funds does not amount to a cancellation of that contract. If it does, I think they could all sue us for breach of contract.

I heard today both in Maryland and in Colorado, Federal civilian employees are going to the State unemployment office to get money to live. I do not know about the rest of the Members of the Senate, but raising five children since I have been here, I have seen many days, I tell you, if my paycheck had been interrupted, there would have been severe trouble in my financial circumstance. People have car payments due, they have rent payments due, they have all sorts of problems that have to be met.

Mr. President, they cannot exist without this money. It is our job to stay in session until we get the job done. I am going to object to an adjournment resolution. I am going to object to any recess. I want the Senate to stay in session until we find a way to pay the people we have hired to do the work that we consider to be necessary. Having been temporarily determined to be nonessential does not mean they are not still employees of

the United States. They deserve to be paid and paid when their money is due.

Thank you, Mr. President.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I pose a question to my distinguished colleague on my time. Senator STEVENS and I have met this afternoon on these questions.

First, I wish to join the Senator in the amendment, as we discussed earlier, to such measures that may be coming through here which can hopefully forestall this very serious list of DOD activities that would be curtailed as a consequence of the current funding problems.

But I address the first one to the Senator. We discussed that DOD, which faces a civilian payroll of 780,000 workers that must be processed on November 24, currently has no cash and likewise the military payroll of 1.6 million currently has no cash.

I hope that the Secretary of Defense will learn now, if he does not already know, about these problems and will immediately contact the Senator from Alaska this afternoon, because this message that the Senator from Alaska sends this afternoon, and in which I join, is going to cause incredible alarm not only in the United States but in our farflung military installations where our troops are serving throughout the world.

I think this requires immediate response from the Secretary of Defense. I congratulate my distinguished colleague for bringing that up.

Mr. STEVENS. Mr. President, I thank my friend from Virginia. I might say, I have conferred with the Secretary in the past. I believe he shares the opinion that the bill could be signed. I cannot speak for him. But it is my opinion that if the President decided he did not like the level of funding, he could send up rescissions to the Congress.

But again, that is all within the prerogative of the President. I think we have our prerogatives, too. I have reached the determination we must do everything we can to see to it that this funding continues in some way. If the President exercises his right to veto this bill, then we still have the duty to come forward with another bill. I remember one time when the Congress sent to one President about 21 different bills in the process of about a week trying to solve this problem. Today, we are holding them up. I do not criticize the leadership for that, but we have a bill still here that we can amend and try to find a common ground with the President.

The main thing is, in my opinion, the Nation's security is at jeopardy if we do not pay these people. The Nation's security is at jeopardy if we are going to run out of fuel, not have flying time, steaming time and the ability to move our forces by using fuel.

I thank the Senator.

Mr. WARNER. Mr. President, I join with my distinguished colleague. He is chairman of the Defense Subcommittee of the Appropriations Committee, as the Presiding Officer knows well. This is a subject he has dealt with in his distinguished career in the U.S. Senate. When we met this afternoon to go over these items I thought it imperative we bring it to the attention of the Senate indeed. I do not want to cause undue alarm to 780,000 workers on the civilian payroll and 1.6 million in uniform. Please, we say, Mr. Secretary of Defense, take this message immediately and provide us with such response or solution as the Secretary of Defense and the President may have.

I should also like to add, Mr. President, that the contractors who do work with the Department of Defense are likewise faced with the lack of funding. The Defense Contract Audit Agency apparently is going to shut down and thereby terminate the payment of contractors all across America that are performing defense work.

What happens at that point? What happens at that point is that there is a ripple effect. Their employees cannot be paid, and with the 800,000 now in the Federal Government not receiving pay, there could be another 800,000 of those employees not receiving their compensation through the Department of Defense as a consequence of the Defense Contract Audit Agency.

So I join with Senator STEVENS in calling on the Secretary of Defense to give us a specific reply to that problem, because this is becoming increasingly serious, for a lot of innocent—and I underline, Mr. President, “innocent”—people who are being caught up in this controversy between the President and the Congress.

I feel ever so strongly about the need for a 7-year balanced budget. I came to the Senate with my distinguished colleague, the acting minority leader, Senator EXON, some many years ago. I have great respect for him. But I say to my distinguished colleague, I think there should be unanimity of viewpoints that we can achieve a balanced budget in 7 years. That should not be a subject of disagreement. I just hope that we can, in the words of the acting majority leader, use “honest” economic assumptions which the Senator from Nebraska understands very clearly, having served on the Budget Committee throughout his career, use that type of data to bring about this balanced budget.

So I return to the question on the Defense Department and, incidentally, so far as I can determine, the Defense Contract Audit Agency is still dealing with 1995 fiscal year funds which are available and not subject to the current impasse on the budget. But if this report is true, that is very disturbing.

Further, Mr. President, I would like to have printed in today's RECORD an article that appeared in the Virginian-Pilot newspaper in my State which

chronicles the impact of a defense contractor. I will read a few lines of that:

“The Navy is unable to pay new bills from local shipyards because of the Federal shutdown and, as a result, many yards may soon be cutting back operations . . .” in the Tidewater region of the Commonwealth of Virginia.

We have the largest naval base in the world and a tremendous infrastructure of contractors which support those naval and maritime activities. This article depicts in a very colorful way, in an accurate way, the impact on the individual shipyard workers.

So I close my remarks, again, by saying that I continue to be concerned about these employees. We will achieve this 7-year balanced budget—I am confident of that—one way or another. But in the meantime, let us not bring further injury and further concern and emotional stress on so many innocent people who have offered to devote their careers either to Federal service as public servants or those who are performing the contracts for the Federal Government.

I was heartened by the meetings I had with the Speaker of the House and others earlier today that there is the assurance that eventually the Federal employees will be justly compensated for that period in time in which they were furloughed, but we cannot give that assurance, indeed, it is not the responsibility of Congress, to the employees of the contractors of the Federal Government. Their pay remains uncertain.

I should also like to have printed in this RECORD of today a letter to the Honorable TOM DAVIS, a Member of Congress from the Commonwealth of Virginia. A similar letter went to the Hon. FRANK WOLF, a Member of Congress from the Commonwealth of Virginia. The three of us are talking, on the average, three or four times a day about this problem and working together. It reflects the assurance of the leadership and the Congress, both the House and the Senate, to take care of the Federal employees.

I ask unanimous consent that this letter and this article from the Virginian-Pilot be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONGRESS OF THE UNITED STATES,
Washington, DC, November 10, 1995.

Hon. THOMAS DAVIS,
Cannon House Office Building, Washington, DC.

DEAR TOM: We will be sending soon to President Clinton a bill to continue funding for the federal government through December 1, 1995. Besides providing for government services, this bill also funds federal workers' salaries.

If the President decides to veto this legislation to keep government operating, the possibility exists that some federal workers may be furloughed. In the event that this takes place, it is our commitment that federal employees will not be punished as a direct result of the President's decision to veto funding for their salaries. Should this happen, we are committed to restoring any lost wages in a subsequent funding bill.

Again, we want to reassure you that if the President vetoes the continuing resolution and requires federal workers to be furloughed, we are committed to restoring any lost wages retroactively.

Sincerely,

NEWT GINGRICH,
Speaker of the House.

BOB DOLE,
Senate Majority Leader.

[From the Virginian-Pilot and the Ledger-Star, Norfolk, VA, Nov. 17, 1995]

AS NAVY STOPS MAKING PAYMENTS, LOCAL SHIPYARDS MAY SUFFER
(By Christopher Dinsmore)

The Navy is unable to pay new bills from local shipyards because of the federal shutdown and, as a result, many yards may soon begin cutting back operations.

One small Norfolk yard has started laying off workers. Norshipco, the largest private shipyard in South Hampton Roads, may also have to furlough “hundreds” of workers soon if the shutdown isn't resolved, shipyard executives said Thursday.

“It could be a grim Christmas if this stuff keeps up,” said Jerry Miller, president of Earl Industries Inc., a Portsmouth-based ship repair firm that employs about 400 people.

As Washington politicians hunker down for a drawn-out budget battle that some threaten could last 90 days, executives at local shipyards fret that the shutdown could sink their businesses.

“What we're talking about is something that could happen if the government doesn't get its act together,” said Jack L. Roper IV, executive vice president of operations for Norshipco, which employs 2,200 full-time workers at its two yards in Norfolk and 600 people part-time. “There's a lot of ifs here.”

The Navy is paying pending bills that have been processed by the Navy's local contracting office, the Supervisor of Shipbuilding, Repair and Conversion in Portsmouth. Officers running that office are looking for a way to resume processing new bills so payments to the yards won't be interrupted.

“Obviously there is national security that comes into play at some point . . .,” said Cmdr. David S. Hattich, the officer in charge of contracting in the Portsmouth office. “It's not in the government's interest to see (the shipyards) get to the point where their cash flow is so impacted that they can't perform.”

Nearly 700 civilian workers were furloughed from the Navy's contracting offices in Portsmouth and Newport News. Without those workers, the Navy can't process bills from local shipyards.

“At some point I presume we'll have to bring some skeleton staff back in to work,” Hattich said.

The contracts office also won't be awarding any new contracts for the duration of the shutdown.

The Norfolk Naval Shipyard in Portsmouth is not being affected by the shutdown. Marine Hydraulics International Inc., which emerged from a bankruptcy reorganization in October, was determining Thursday how many of its 248 employees it would have to lay off immediately, said Vice President Gary Brandt.

The yard suspended activity on some recently negotiated, but not finalized, add-ons to its contract to repair the guided-missile frigate Clark at its Norfolk facility, Brandt said. MHI will continue already contracted work on the Clark as long as its financing holds out, Brandt said.

The extent of the impact depends a lot on how long government operations are suspended without some form of relief for the shipyards.

"If it's just a day or two, then it's no big deal," Hattich said. "If it lasts 90 days like some people are saying, then we have a problem."

"Thirty days is probably longer than we can stand," Norshipco's Roper said Thursday. "I'm not sure I can guarantee my work force can continue beyond tomorrow."

Norshipco does have some commercial jobs, but not nearly enough to sustain its work force, he said.

Moon Engineering Co. Inc. expects it could feel the pressure in two to four weeks, said James Thomas, the Portsmouth shipyard's executive vice president and general manager. "I really can't say when right now," Thomas said.

"We have a lot of government receivables out now," he said. "How soon (we're hurt) depends on whether they get paid."

Moon started a contract on the destroyer Peterson three weeks ago. The cruiser Ticonderoga arrived at the yard Thursday for repairs and maintenance.

"We've got about 250 to 300 employees here now and we're still working, but if push really came to shove, we're going to have to send people home," Thomas said.

Metro Machine Corp. has the resources to keep operating for now, said its president, Richard Goldbach. "I don't see it affecting us unless it lasts past a week or two," he said. "We'll worry about it then, but I think we'll have the resources even then to keep operating."

Other shipyards also could be unaffected by the shutdown. Newport News Shipbuilding doesn't expect any impact on its work force because of its financial condition, a spokeswoman said.

The giant Peninsula shipyard, which builds aircraft carriers for the Navy and employs nearly 19,000 people, is owned by a multi-billion dollar conglomerate that probably has the financial wherewithal to sustain the yard's operations.

Colonna's Shipyard Inc., a small Norfolk shipyard, expects to survive on its usual diet of commercial work, said Vice President Doug Forrest. "We don't have any Navy work in the yard now," he said.

THE GOVERNMENT SHUTDOWN

Mr. EXON. Mr. President, I want to thank my friend from Alaska, my friend from Virginia, and my friend, Senator LOTT, for their remarks on the matter at hand. I understand as a senior member of the Armed Services Committee, and I join and thank Senator STEVENS, Senator WARNER, and others for bringing up this matter. It is a very critical matter and we cannot pass over it. So whatever help I can be to you in this regard, I will be.

I simply point out that Senator WARNER and I came here together, and we have served on the Armed Services Committee ever since then. I have been disappointed, as he has, that we still have not reported out of the Armed Services Committee the authorizing legislation, which customarily should precede the appropriations that are handled so very ably, and have been for so many years, by my colleague from Alaska. You bring up a very good point. I think that, as important as that is, we should realize and recognize that people in other areas are just as surely affected adversely. That is why we have to move.

Thank you very much, my friend from Alaska, for saying we should stay here for however long it takes; there should be no recess. I was delighted, in case my colleague did not know it, that within the hour, the House of Representatives overwhelmingly rejected a move by Speaker GINGRICH to adjourn the House of Representatives. How in the world anybody who understands Government—including the Speaker of the House of Representatives, who evidently you have been in contact with regarding the dire circumstances coming on to the Defense Department—why in the world he would want to adjourn the House of Representatives is beyond me. I was delighted to see that it was overwhelmingly rejected. I do not know whether there has ever been a case before where a motion to adjourn has been overridden on the floor. I do not ever remember that happening, at least on this side, while I have been here.

I think maybe that message was sent very loud and clear to the Speaker of the House of Representatives that this is no time for us to be adjourning or recessing. We have to stay here regardless of how early we come in or how late we work every night, to show that we are trying to work out the problems on this. I suspect and say, without knowing it for sure, that if the Members on the floor of the Senate right now would have their way, we could probably sit down and resolve this matter very, very quickly. But politics on both sides, unfortunately, are being played.

I simply say that I was so pleased that the House of Representatives did not take the recommendations of their Speaker and adjourn. I thought it was rather interesting as I watched that vote, that early in the first 5 minutes of that vote, I believe there were 87 or 88 Republicans who had voted with their leader, Speaker GINGRICH, to adjourn the House of Representatives. But before the vote was over, when the Republicans saw what was happening, that 87 or 88 shrunk down to, I believe, about 32 at the end, as even the Republicans recognized that their leader was way, way off base by trying to adjourn with the dire circumstances that face our country today, including the ones brought forth and explained in great detail by my friend from Virginia and my friend from Alaska. I will be of whatever help I can.

Now, on the overall and underlying matter that was addressed by Senator LOTT, objected to by the minority leader, I think this points up the problem that we have today. Let me, as best I can, try to explain what is being overlooked in this discussion. Within the last few minutes, I have heard, I believe, the phrase "balance the budget in 7 years" about 17 times. Well, Mr. President, notwithstanding the fact that there is some dispute as to how we get there, this Senator has wanted to balance the budget in 7 years, if not sooner, for a long, long time.

In fact, I was one of those that had voted for the constitutional amendment that would have been referred to the States to accomplish that end. So my credentials, certainly, with regard to national defense and certainly with regard to fiscal responsibility, I think, are pretty well established, and most people even on that side of the aisle would agree.

I simply say that, when you throw around this phrase, a 7-year balanced budget—I have been for that for a long, long time, as have many people on this side of the aisle. I would like to advise all so that we can straighten that out—all that are hearing my voice at this time—that as late as last night when we thought we were very near reaching a compromise, we had as a part of that agreement that we would balance the budget in 7 years. That was put up not by the President, but by Leon Panetta and myself and others who were in on the negotiations. So when we throw around the term "balance the budget in 7 years," not everybody, but most people are for that. The President's Chief of Staff was here offering to enter into an agreement for a continuing resolution to accomplish that end.

Now, the holdup comes with regard to how we reach that balanced budget in 7 years. Therein lies the grave concerns. What the Republicans are saying, I believe, without emphasizing it, is that they want to tie the President's hands to a 7-year balanced budget on their terms. I simply say, Mr. President, that I think that is wrong for lots of reasons, and I will not be part of that.

When you ask the question, "What is at stake here?"—and that question is asked by Senator LOTT—well, what is at stake here is a great deal. What is at stake here are basic principles of Government, and most of us on this side of the aisle do not agree with the way those on that side of the aisle are coming up with their numbers, setting their priorities. We think they are mixed up. I said earlier today on the floor of the Senate and, therefore, I will try again at this time to keep my rhetoric within due bounds, because I do not believe expanded rhetoric of simply abuse is particularly constructive.

However, among other things that have been overlooked about what is at stake here, I interpret it as being a basic violation of constitutional principles that is at stake here. The Constitution guarantees the right of the President to veto a bill passed by the Congress. The Constitution does not say that he has a right to veto only after consultation with Congress. The Constitution does not say that the President, in balancing the budget, has to do it in a fashion and in a manner that the majority of the House or Senate propose. The Constitution guarantees, as a very important part of that document—and the Framers of the Constitution, in attempting to have balance of the three equal branches of

Government to try to balance the judiciary, executive, and the legislative, gave the President that power.

What the Republicans are really doing, Mr. President, whether they realize it or not, is putting a gun to the head of the President of the United States, saying, "If you veto, which you have a right to do under the Constitution, we are going to take that away, or attempt to take it away by saying to you we are going to close down Government if you exercise your right, Mr. President."

We are going to violate the principles of the Constitution simply by putting that gun to your head and saying, "If you do that, we will close down Government because you, Mr. President, can't veto this bill or you will close down Government."

I think the President is standing up not only for himself but every other President that we are going to have in the years to come. If this President of the United States does not stand up and protect the prerogatives of the President of the United States, that are guaranteed in the Constitution, if he is going to set precedence here to some time in the future with some other Congress and some other President, they are going to hark back and say "Well, the Republicans back there in 1995 took away the prerogatives of the President."

The PRESIDING OFFICER. The time allotted to the Senator from Nebraska has expired.

Mr. EXON. Mr. President, I ask unanimous consent since there are no other speakers on this side of the aisle that I be allowed to continue for an additional 3 minutes.

Mr. CRAIG. I will allow for another 3 minutes and then I will object.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. So, Mr. President, I simply say, what is at stake here is the fact that we cannot get together.

What is at stake is the President of the United States and others who were negotiating last night said, "OK, 7 years. We will work for a 7-year balanced budget but we are not going to accept what I think is being tried to be dictated to by the Speaker of the House of Representatives."

We are in a very serious situation. I looked at the clippings from the newspapers back home today. One headline says "GOP Puts Wrapping on Budget Package;" "Return to Sender Seen as Response."

Here is another: "Gingrich's Remarks Fuel Democrats' Budget Fight." Down below that a headline, "Park Service to Evict Campers."

Then, of course, "Veto Expected As House OK's Defense Funds." That is what has been addressed here.

I simply say, Mr. President, that if we could have the continuing resolution that we have been pleading for, on a short-term basis, that has been continually rejected by the Republicans, primarily led, I suspect, by Speaker

GINGRICH, we could have that continuing resolution, all of us know that all of these concerns that have just been addressed by the Senator from Alaska and others would fade. They just would not be there.

Why can we not be reasonable? Two other items and headlines: "Office of Aging Plans Furloughs, Service Cuts," and "21 Guard Drills Are Canceled As Budget Standoff Continues."

Let me read briefly from the "Office of Aging Plans":

The Eastern Nebraska Office on Aging intends to furlough 74 of its 90 employees because of the federal budget dispute.

Bob Whitmore, a spokesman for the Omaha-based agency, said the furloughs would take effect at 5 p.m. Wednesday. . .

All this would not be necessary and we would not go through the silly charade if we could have, as we have had several times in the past, a short-term continuing resolution to December 5 or December 15.

All this could be set aside if it were not for the fact that the Republicans were trying to put that gun to the President's head to take away the constitutional right guaranteed to the President by saying "You are going to do it our way or none, or we will close down Government."

I hope we have an understanding between cooler heads in the future.

I yield the floor.

The PRESIDING OFFICER. The Senator from Virginia has 1 minute and 21 seconds remaining.

Mr. WARNER. I do hope that I could pick up on your final comments, I say to my good friend—that is, cool heads. I hope the Senator would rephrase some of his rhetoric about the gun to the head.

I kind of think that this matter needs a little cooling off in terms of rhetoric, Mr. President. I know that the meetings which I have attended today, it has been calmness, coolness, and very conscientious efforts on behalf of those in attendance to try to bring this to resolve.

I know the distinguished majority leader, Mr. DOLE, is going to be working through the early evening. I hope to work with him on this matter.

One last comment. The distinguished colleague, a member of the Armed Services Committee, mentioned the authorization bill. I say that Chairman THURMOND has been working through late last night and again this morning with the ranking member, Mr. NUNN, and other members of the committee.

I am pleased to say I think we are making some progress on that bill to bring it to a conclusion and soon, hopefully, present it to the Senate, the conference report.

I yield the floor.

BALANCE THE BUDGET

Mr. CRAIG. Mr. President, America is watching what we do here today, or more importantly, what we fail to do. I think they are watching with a much

more critical eye than we are willing to give them credit for.

I say that because it was well over 20 years ago when another Senator from Virginia put legislation through this body, passed by law, to balance the Federal budget within a very short period of time. That was law. That was Federal law, Mr. President.

This Congress went by it so fast that it was not even the blur of a stop sign. Four times following that over the last two decades this Congress has passed laws, I tell you, to balance the Federal budget. Yet, of course, that never happened.

We are now nearly \$5 trillion in debt. We have a \$200 billion deficit. This President came forward last night and said, "Let's set a goal. Let's once again have a goal to achieve a federally balanced budget." Somehow that was worthy.

I know what the American people are saying at this moment. "Oh, no, you don't, Mr. President. We don't trust you nor do we trust the Congress. You no longer have any credibility in the area of spending because you have shown you cannot control your appetites."

That is why only by 1 vote out of 535 votes this year, 435 votes, did we miss sending out an amendment to the Constitution of this country to assure the citizens' right to decide on whether they want a balanced budget or not.

I know what folks in my State are saying right now. While they recognize the inconvenience of what we do at the moment, and while there are Federal employees in my State who are furloughed by phone calls pouring in to all of my State offices and my office here, on a 12-1 ratio, they are saying, "Don't blink. Don't blink. It is not a goal. It is no longer a concept. It is no longer an ideal."

They are saying, "Make it a reality, Mr. President. Balance the Federal budget and do it now. Put together what you promised us in last year's election that you would do." Are we once again going to be the traditional politician of Washington and tell the citizens one thing and then bow to the pressure to do something else? I say no, absolutely no. It is time we send a message to the American people that we mean exactly what we told them.

Mr. President, we have people out of work on the Federal payroll today because of you. You are the one who vetoed the bills. You are the one who is now saying you will veto the DOD appropriations bill.

Senator STEVENS from Alaska was in here very distressed, as he should be, that we have now done our work and tonight a bill that will put hundreds of thousands of men and women, both civilian and in uniform, back to work—this President says "No, I will veto it." Why? Because "It does not meet my goal."

Mr. President, check in the Constitution. Read the Constitution. Who budgets for our Government? We do. You

execute the budget, Mr. President. That is what the Constitution says.

I have advocated giving the President more authority. In the balanced budget amendment that I helped craft it has been the No. 1 amendment here on the floor of the Senate and in the House for well over 5 years. We have given the President a right to become a full participant in the budget process but he does not have that right now.

Yes, he can veto. But when he vetoes, it is without question his responsibility for the people who are no longer employed by action of that veto.

So we crafted another continuing resolution and he said, "I will veto it. Don't send it down," and it has not gone down.

Last night we passed a balanced budget for 1995.

This President says he will veto it. Mr. President, this is one Senator who is not going to bow to that kind of pressure. I will not vote for a goal or a concept or an ideal. And I encourage all of my colleagues not to vote that way either. We will vote for a balanced budget in 7 years and we will vote for it based on legitimate, legal, responsible figures that tell the truth and show the American public exactly what we are spending and where we are spending it and where the revenue to spend is coming from. That is what this Government and that is what this Congress must do, without question or without doubt.

For, if we do not, the clock continues to tick. A \$5 trillion debt, a \$5.1 trillion, \$5.2 trillion, a \$5.3 trillion, and on and on and on. And the children of tomorrow are going to owe, not \$15,000 or \$16,000 or \$17,000 of their earnings back to Government for the debt we created, it will be \$20,000 or \$25,000 or \$30,000 or \$40,000. The American people are smarter than that. How possibly can we continue to do that?

That is why we saw the greatest political realignment ever in the history of our country occur last November, because finally the American people said, "Enough is enough." Mr. President, hear me: I will not bow to the goal or the concept or the idea, because I know what you want. You have already indicated it. You want billions more to spend for programs that are questionable in their nature as to the services they provide.

The American people want a balanced budget. We have now labored nearly 11 months to craft a budget and bring it into that concept and into those parameters. It has not been just the Republicans that have done that; it is Republican and Democrat alike.

So I hope our leadership will not bend. I hope our leadership will listen to their people and listen to the phone calls. Adhere to a balanced budget. Adhere to the tough decisions. Say to this President, if you will not agree with us, then we will continue our work. We will not recess, as I have encouraged our leader not to do, and we will bring down the appropriations bills and we will fund a balanced budget.

I will tell you that is a gun to no one's head. That is simply what the American people want. The hand-wringing is over with. We have spent 30 years playing this game, and I sincerely believe the game is over. It is now time to realize we must do what the American people asked us to do and do so in a responsible fashion.

I yield the remainder of my time.

RECESS SUBJECT TO THE CALL OF THE CHAIR

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess, subject to the call of the Chair.

Thereupon, at 5:02 p.m., the Senate recessed until 6:47 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GORTON).

MESSAGES FROM THE HOUSE RECEIVED DURING RECESS

Under the authority of the order of the Senate of January 4, 1995, the Secretary of the Senate, on November 18, 1995, during the recess of the Senate, received a message from the House of Representatives announcing that the Speaker has signed the following enrolled bills:

H.R. 2020. An act making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1996, and for other purposes.

H.R. 2126. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1996, and for other purposes.

MESSAGES FROM THE HOUSE

At 4 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 440) to amend title 23, United States Code, to provide for the designation of the National Highway System, and for other purposes.

The message also announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 123. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes.

At 6:49 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2606. An act to prohibit the use of funds appropriated to the Department of Defense from being used for the deployment on the ground of United States Armed Forces in the Republic of Bosnia and Herzegovina as part of any peacekeeping operation, or as

part of any implementation force, unless funds for such deployment are specifically appropriated by law.

MEASURES REFERRED

The following bill was read the first and sent times by unanimous consent and referred as indicated:

H.R. 2606. An act to prohibit the use of funds appropriated to the Department of Defense from being used for the deployment on the ground of United States Armed Forces in the Republic of Bosnia and Herzegovina as part of any peacekeeping operation, or as part of any implementation force, unless funds for such deployment are specifically appropriated by law; to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PRESSLER, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 1396. A bill to amend title 49, United States Code, to provide for the regulation of surface transportation.

ADDITIONAL STATEMENTS

BUDGET RECONCILIATION CONFERENCE REPORT

• Mr. LEVIN. Mr. President, yesterday, with the Senate's consideration of the Budget Reconciliation bill, the rubber really met the road. This is the real thing.

We have been warning for some time now that this bill would represent the extreme priorities set largely by the majority in the other House. The budget reconciliation bill which the conference set us—conference which effectively excluded Democrats—and which the Senate passed on near party lines, included a very large cut in Medicare. The \$270 billion cut is three times what is necessary to stabilize the trust fund. These plus a cap on direct student loans, reductions in the earned Income tax credit for working Americans, all, in part, are to pay for a large tax break, the benefits of which will go mainly to the wealthiest among us. There are a number of other short-sighted changes in Federal programs including cuts in child nutrition programs.

Mr. President, for the past week we have seen the Speaker of the House and Republican majority irresponsibly shut down large parts of the Government and threaten the credit rating of the United States. This is a long-planned tactic to force the President to accept their extreme budget priorities. Now, those priorities are laid bare in this bill for all to see.

The issue isn't whether one favors a balanced budget. I do. I have voted for one on more than one occasion.

Let us look at balance, as the Republicans have defined it. On the one side,

there are \$247 billion in tax breaks, which mainly benefit the wealthiest of Americans. On the other side, for ordinary, middle-income Americans, there will be increases in Medicare premiums, increases in college loan costs, and for some working Americans with wages under \$30,000 per year, a \$32 billion tax increase. The tax increase on those receiving the earned income tax credit hurts America's most vulnerable workers, including more than 4 million workers who make less than \$10,000. Overall, according to U.S. Treasury data, 12.6 million households would have their earned income tax credit reduced under this legislation. 7.7 million households would see a net increase in taxes.

These priorities are wrong. I have supported a balanced budget. I have supported a budget balanced in 7 years. But, I cannot accept, and I do not believe the President will sign a budget as skewed as the one which is before us today. The issue is not whether to balance the budget or when to balance the budget. The issue is how to balance the budget.

The Republicans have tried to strong arm the President into accepting these priorities. They planned this course months ago. It's bad enough that the majority is willing to shut down functions of the Government which many people rely upon and that they are willing to risk the credit rating of the United States. But, to add insult to injury, we have seen from their own statements that this is a long-planned tactic.

As long ago as April 3, the Washington Times reported that:

House Speaker Newt Gingrich vowed yesterday to create a titanic legislative standoff with President Clinton by adding vetoed bills to must pass legislation increasing the national debt ceiling.

And in May, House Budget Committee Chairman JOHN KASICH said,

We'll probably have a few train wrecks, but that's always helpful in a revolution.

In September, Speaker GINGRICH said,

I don't care what the price is. I don't care if we have no executive offices and no bonds for 60 days—not this time.

It is clear again why the majority has been holding the Government hostage. They have a set of budget priorities which do not fare well in the light of day. They are bad for senior citizens, bad for children, bad for working Americans. So, let's get on with it. They can pass it, they have the votes. The President will veto it. And then, we can get on to the real business of resolving our differences. Negotiations need to go forward to reach a bipartisan agreement, so that we can reach a genuine balance budget with a time certain and with the right priorities. This is how our system works. Let us get reasonable people around the table. America is waiting.●

COAST GUARD AUTHORIZATION ACT OF 1995

Mrs. BOXER. Mr. President, late last night the Senate passed unanimously the Coast Guard Authorization Act of 1995, including my legislation, the California Cruise Industry Revitalization Act.

At long last, this legislation has left the dock, and once we work out differences with the House on other provisions, we will finally put my State's cruise industry back on track, providing jobs and tourist revenue for California.

I would like to express my appreciation to the bipartisan leadership of the Commerce, Science, and Transportation Committee for their work in moving this important authorization bill for the U.S. Coast Guard to the Senate floor for passage. I particularly wish to thank my Environment and Public Works Committee chairman, Senator CHAFEE, for his diligent effort to fashion a compromise on the difficult issues raised in the House version of this legislation that fall within his committee's jurisdiction.

This Coast Guard bill includes a provision that is critical to a key element of my State's economy, California tourism, particularly our cruise ship industry and the jobs that depend on it.

On the first day of the 104th Congress, I introduced legislation, the California Cruise Industry Revitalization Act, S. 138, to amend the law passed by the 102d Congress which allowed gambling on U.S.-flag cruise ships but that also allowed States to outlaw gambling on ships involved in intrastate cruises. My legislation would lift the ban on gaming on cruise ships traveling between consecutive California ports. The Commerce Committee this summer agreed to include my legislation as section 1106 in the Coast Guard Authorization Act of 1995.

Let me explain why this provision is so important to my State.

In 1992, subsequent to the congressional action, the California Legislature dealt the State's tourism industry a severe blow by passing a law prohibiting on-board gambling. However, it failed to distinguish between cruise ships making multiple ports of call in the State while on an interstate voyage, and the so-called cruises to nowhere whose only purpose is shipboard gambling.

Consequently, California's cruise ship industry, which had been growing at an average annual rate of 17 percent since 1989, began to run aground because cruise lines immediately revised their itineraries. The State's share of the global cruise ship business has dropped from 10 percent to 7 percent at the same time growth in the cruise ship business overall has climbed 10 percent a year.

My legislation is essential to restoring California's cruise ship industry which has lost hundreds of jobs and more than \$250 million in tourist revenue since the State law's enactment.

Many California cruise ship companies have bypassed second and third ports of call within California.

The law to prohibit gambling cruises to nowhere has had the effect of discouraging cruise ships from traveling between California ports, even if the voyage is part of an interstate or international journey. In effect, a cruise ship traveling from Los Angeles to San Diego could no longer open its casinos, even in international waters. But if the ship bypassed San Diego and sailed directly to a foreign port, it could open its casinos as soon as it was in international waters.

According to the Port of San Diego, that port alone has lost \$78 million in economic impact, hundreds of jobs and over 300 cruise ship calls. That is more than two-thirds of its cruise ship business.

Los Angeles has lost business as well, with the projected loss of port revenue is \$3 million, with 118 annual vessel calls at risk. Beyond the port, the economic impact to the city amounts to \$14 million in tourism and \$26 million in retail sales. The total impact estimated by the Port of Los Angeles is an estimated \$159 million and 2,400 direct and indirect jobs.

Ports all along the coast from Humboldt Bay to San Diego have suffered economic losses. For a State still recovering from an economic recession, defense downsizing and back-to-back natural disasters, a blow to a major industry in the State—tourism—is unfathomable.

Section 1106 would resolve this problem by allowing a cruise ship with gambling devices to make multiple ports of call in one State and still be considered to be on an interstate or international voyage, if the ship reaches an out-of-State or foreign port within 3 days.

Gambling operations still would be permitted only in international waters. The effect would expand only the non-gambling aspects of cruise ship tourism by permitting more ports of call within the State. California is the only State affected by this bill.

Mr. President, former Congresswoman Lynn Schenk had labored tirelessly to include this legislation in the House Coast Guard bill. Unfortunately, the bill died in the Senate last year when the Coast Guard bill was lumped together with other maritime legislation that stalled.

The future of California's cruise industry rides on this provision. An identical provision is contained in the House version of the Coast Guard authorization bill. I urge my colleagues to swiftly resolve the other issues in conference and send the bill to the President for his signature.●

ANNIVERSARY OF LEBANON'S INDEPENDENCE

● Mr. LEVIN. Mr. President, this month we mark the 52d anniversary of the independence of Lebanon. Each

year as we mark the anniversary, Lebanese-Americans and the friends of Lebanon reflect on Lebanon's past and look ahead as it rebuilds for the future.

Six years after World War I, Lebanon was declared a republic, through still under French mandate. When France's World War II Vichy government was forced to surrender to Allied forces in July 1941, the Free French officially declared Lebanon independent on November 26. Elections took place during the summer of 1943, and by November 1943, when the new government took over, the French mandate was effectively terminated.

In the same year, Christian and Moslem leaders in Lebanon negotiated an agreement called the National Pact, which defined Lebanon as a distinct, sovereign country. The agreement was based on the principle of equitable religious representation in government and administration. The country's Maronite Christian, Sunni Moslem, Shia Moslem, and Druze populations were all represented in Lebanon's new parliament.

Lebanon's new system of government functioned effectively until 1975, when the country was thrust into a civil war. Tragic domestic upheaval persisted until 1989, the year that the Taif Agreement ended the civil war. The Taif Agreement was intended to lead to full restoration of Lebanon's sovereignty, independence, and territorial integrity.

Of course, the Taif Agreement has not yet led to the fulfillment of these goals. However, it has been a stepping stone toward peace in Lebanon. Beirut is more tranquil and Lebanon's free-market economy continues to recover after the years of turmoil the civil war produced. Despite these successes, Lebanon continues to suffer the presence of foreign soldiers, further hindering the rebuilding of the country.

Peace within Lebanon depends greatly on peaceful relations with its neighbors. This peace cannot permanently take root in Lebanon until Lebanon is able to fully regain its national sovereignty and settle its differences with its neighbors in the region.

I believe it is important for the Lebanese people, as well as anyone who holds an interest in the region, to honor Lebanon's independence and to reflect on the spirit of the agreement on which modern Lebanon was founded. Lebanon has shown its great resilience. And, the Lebanese people, in all of their diversity, have shown their ability, in the past, to work together peacefully for a stronger Lebanon. We all hope that the future of Lebanon is bright, and that the people of Lebanon will come together to build on this land's rich heritage.●

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Thank you, Mr. President.

ORDERS FOR SUNDAY, NOVEMBER 19, 1995

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 2:30, p.m., Sunday, November 19, that following the prayer, the Journal of proceedings be approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, and the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and there then be the period for morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, let me indicate, for the information of all Senators, that we have presented the Democratic leader with a counteroffer on how we can end this impasse as far as the partial shutdown of the Government is concerned. I know that Senator DOMENICI, chairman of the Budget Committee, and Congressman KASICH, chairman of the House Budget Committee, will be calling Leon Panetta, the President's Chief of Staff—may have called him by now or will be calling soon.

Hopefully, they can meet with Mr. Panetta tomorrow, early afternoon, about 1 o'clock. So it seems to me, in the event something should occur, that we should be at least prepared to act on it in the U.S. Senate. Sunday sessions are extraordinary, but in this circumstance I think it is very appropriate.

So we will come in at 2:30 in the afternoon. I hope we can resolve this matter tomorrow. The House also would be available. I think within a few hours, I am told by the Speaker, to assemble enough House Members to take action in the event that it is necessary tomorrow.

So, if we can, I would say to my colleagues, whose staff may be listening, or just for their information, if there should be a rollcall vote, we will give everybody adequate time to be here. So I would not be concerned about that. If we should reach an agreement, I hope that we could do it on a voice vote because some of our Members would have to come long distances.

Of course, if we should reach agreement tomorrow, we will not be in ses-

sion next week. So we will convene tomorrow, hopefully to work out, or continue to work out, some agreement on the continuing resolution.

I yield the floor to the Senator from Virginia.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I express my appreciation to the majority leader. We started out early this morning and, indeed, worked through much of the day in very serious meetings, two of those meetings with the Speaker of the House. Throughout, the majority leader has expressed great compassion for those who have been furloughed.

Once again, both the leadership of the Senate and the House wish to confirm in one way or another that we are going to see that there will be no loss of pay, and we express our profound compassion for the stress and the strain brought upon families. Repeatedly in the most recent meeting of an hour ago with the Speaker, our distinguished leader said time and time again, he knows the great concern with these individuals and their families. So that will be done.

Of course, the proposition that we sent down to the President again preserves that 7-year balanced budget. That is, in my judgment, the keystone and the arch we hope to build to solve this between the executive and the legislative branches.

So, again, I express my appreciation to the leader.

Mr. DOLE. Mr. President, we do have a continuing resolution that has been passed by the House and the Senate which we will be pleased to send to the President if there is some indication the President will sign it. I think he has indicated to the contrary. So we will not, at least at this moment, send it to the President.

We did send, again for the information of all of our colleagues, three appropriations bills to the President today: Defense appropriations, a very important bill. If he would sign that bill, I am told by Senator STEVENS from Alaska, chairman of that subcommittee, 183,000 people could go back to work. That is a big, big bill. That is about a fourth of those presently furloughed.

So I hope the President will take a careful look at the defense appropriations bill. In addition, the White House has now received the legislative appropriations bill and the Treasury-Post Office appropriations bill. I understand that the President may sign those two pieces of legislation which, again, will take off some of the strain.

But I want to make the point, this is not just about people being furloughed. This is about a fundamental difference on how we achieve a balanced budget and whether we achieve it in 7 years, as the Republican Congress feels we can, or whether it is 8 years, 9 years, 10 years or maybe 7 years, if the President would agree.

So I hope we can continue to work. Most of us will be happy to meet later this evening if there is any opportunity to work out a successful agreement.

ADJOURNMENT UNTIL 2:30 P.M.
TOMORROW

Mr. DOLE. Mr. President, if there is no further business to come before the

Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:53 p.m., adjourned until Sunday, November 19, 1995, at 2:30 p.m.